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Preparatory process for the Conference

PROPOSALS FOR ITC'S COURSE OF ACTION IN FOREIGN TRADE DEVELOPMENT FOR LDCS IN THE 1990s

Contribution by the International Trade Centre UNCTAD/GATT */

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I. INTRODUCTION

This paper has been prepared in response to General Assembly Resolution 42/177, which calls on the responsible organizations and bodies of the United Nations system to submit a paper containing a review of the implementation in the 1980s of the Substantial New Programme of Action (SNPA) within their fields of competence and to put forward proposals for future action as an input to the preparations for the second Conference on least developed countries (LDCs).

II. FOREIGN TRADE AND DEVELOPMENT IN LDCS IN THE 1980s

A. General economic performance

Of the 42 countries identified as LDCs by the United Nations 1/, 13 are landlocked and 9 are small island states. The great majority are monoculture in the sense that their main exports comprise one or a few primary commodities or minerals and hence have a very narrow export base. Their populations have been growing very rapidly and by 1987 they had an estimated combined population of 390 million. Some of these countries have been faced with both internal and external factors that have not been conducive for growth and development to be sustained at an adequate level on a long-term basis. As a result, these countries were faced with slow, and for some a negative, growth in their economies: the number of LDCs increased from 36 countries in 1981 to 42 countries in 1988.

The LDCs have greatly suffered from vulnerability to declines in the prices of their basic commodity exports. The value of these exports declined from $US 6.1 billion in 1980 to $US 5.5 billion in 1986. Being primarily commodity dependent countries (commodity exports constituted about 70 per cent of the total foreign exchange earning in 1980 and about 68.7 per cent in 1986), LDCs have felt the most severe impact of the decline in commodity prices. Between 1984 and 1987, for example, prices of non-oil primary commodities exported by sub-Saharan African countries fell by 8 per cent, offsetting the 1983-84 price gains 2/.

A healthy international trading environment is important for strong economic growth in the least developed countries. Although their combined share of world trade is less than 0.5 per cent of exports and less than one per cent of imports, foreign trade is exceptionally important for each individual LDC: they have very small domestic markets and foreign trade constitutes well over 30 per cent of GNP in the majority of them.

B. The external trade situation in LDCs in the 1980s

1. Exports

Export growth not only contributes directly to economic growth, but more important, also permits more imports and a rapid modernization of production. The result is efficient domestic industry that meets the market test of international competition.

1/ The LDCs are: Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Yemen, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haïti, Kiribati, Lao People's Democratic Republic, Lesotho, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar (Burma), Nepal, Niger, Rwanda, Samoa, Sao Tomé and Principe, Sierra Leone, Somalia, Sudan, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen Arab Republic.

2/ UNCTAD, Trade and Development Report 1988.

Although there has been a modest expansion in the volume of LDC exports during the 1980s (the volume index of exports increased from 104 in 1981 to 133 in 1987) the value of their exports decreased from $US8.7 billion in 1980 to $US7.69 billion in 1985 as a result of sharp price declines, but improved to an estimated $US9.3 billion in 1988 3/.

Over the period 1980-85, falling export earnings and other balance of payments difficulties obliged half of the LDCs to cut back on imports, hence directly sacrificing future economic growth. The commodity concentration of exports is also exceptionally high; where three of the most important export items of ten LDCs constitute more than 70 per cent of their total export earnings and in a few countries more than 90 per cent, e.g. Sao Tome and Principe, where cocoa, copra and palm kernel constituted 90 per cent of export earnings in 1986 and Uganda where coffee, cotton and tea constituted about 98 per cent of the total export earnings in 1986.

2. Imports

The imports of the LDCs are more than twice the value of their exports, if measured on an f.o.b basis. In terms of value, imports declined from $US17.2 billion in 1980 to $US16.5 billion in 1986. This decline partly reflects the falling prices of fuel imports, although prices of manufactured imports continued to rise, and partly a reduction in import volumes. In terms of volume, LDC imports have declined, from a unit volume index of imports of 111 in 1981 to an estimated 103 in 1988 4/.

The structure of LDC imports changed significantly in the 1980s with higher imports of fuels taking advantage of the lower prices and significant reductions in consumer and capital goods imports which threaten LDC growth rates, both now and in future years. The largest decline occurred in consumer goods imports, where in some LDCs, e.g. the United Republic of Tanzania, consumer goods imports as a proportion of total imports declined from over 30 per cent in the mid-70s to less than 10 per cent in the mid-80s. However, as more and more LDCs embarked on structural adjustment programmes in the mid- to late 1980s, the structure of imports is likely to change further, initially in favour of consumer goods, but later to intermediate and capital goods as the economies attain an adequate level of consumer goods imports.

C. Some policy changes in the LDCs in the 1980s

The experiences of the 1980s have led many developing countries including LDCs, to reconsider their approach to development. The particular difficulties which the latter face in regard to both internal and external disequilibria have obliged them to initiate trade policy changes. Many have also opted to undertake more fundamental policy reforms aimed at enhancing the efficiency and productivity of their economies.

In most cases, the package of policy changes and adjustment measures include: liberalization of the pricing and export marketing of agricultural commodities as a means of stimulating production; streamlining, liquidating or privatizing parastatal enterprises; promoting and facilitating the activities of the non-governmental sector; reducing public consumption and subsidies; restructuring the money supply and increasing interest rates; increasing public revenue by improving tax collection and raising tax rates and fees charged for public services; trade liberalization and currency depreciation.

3/ UNCTAD, Handbook of International Trade and Development Statistics, 1988 p. 13

4/ UNCTAD, Ibid.

In addition, other impediments to trade development such as poor export services, lack of trained personnel, poor import management etc, have to be tackled in order for these policy changes to produce the intended results on exports.

As regards imports, measures have been taken in a number of LDCs with a view to eliminating distortions in the pricing of imported goods, thereby encouraging an efficient allocation of resources in import competing activities. Such measures include: growing recourse to the secondary foreign exchange market (as compared to the official market) to finance foreign trade transactions (Bangladesh, the United Republic of Tanzania).

These examples of policy initiatives in selected LDCs serve to illustrate the attempts which have been made to streamline policies in order to improve their external sectors. It should, however, be recognized that these countries have been facing very unfavorable external conditions during the 1980s and a change of policy may not be enough to improve the situation. Their efforts to adjust to these circumstances by improving their national trade policies should, therefore, receive increased support from the international community.

III. ITC ACTIVITIES IN THE LDCS IN THE 1980s

In the implementation of the SNPA for the least developed countries, the International Trade Centre UNCTAD/GATT (ITC) carried out a large number of activities in LDCs in the 1980s. The principal means by which ITC approaches technical co-operation with LDCs has been first to send exploratory missions to assist these countries to identify the problems related to trade promotion, determine priorities for projects for technical co-operation and then assist in the implementation of the identified projects. In the countries where ITC has technical assistance projects with a resident project co-ordinator, the officer also assists in the identification and implementation of day-to-day problems as they relate to trade development. In the 1980s approximately 30 per cent of ITC's resources were devoted to technical co-operation projects with LDCs.

There has been a significant increase in ITC technical co-operation with LDCs in the 1980s. In 1980, for example, LDCs as a group received assistance from ITC at a total value of $US 3 million, including regional and interregional projects. In 1988 this amounted to $US 6.5 million an increase of about 115 per cent over the 1980 level. The largest increase was registered in regional and interregional projects whose value increased from $US 660,801 in 1980 to $US 2.69 million in 1988, or an increase of over 300 per cent over the period.

The establishment of intra-regional trade information networks has been one of the main ITC activities since the mid-1980s covering regional organizations such as CEAO, ECOWAS, PTA and SADCC. Several fora have pointed out that lack of information flow was a major constraint to intra-regional trade, and in order to take advantage of the larger markets formed by these regional groupings the flow of information between the countries was absolutely necessary.

It is projected that a larger percentage of ITC technical co-operation resources will be devoted to technical co-operation programmes benefiting a greater number of LDCs in the 1990s, particularly through country, regional and interregional programmes.

READEX FICHE

In an attempt to ameliorate some of the main problems, ITC activities in the 1980s were aimed at fulfilling the following main objectives:

(a) Establishment or strengthening of institutional infrastructure for trade development;

(b) Development of new export products including the promotion of commodity exports and identifying new export markets for both traditional and non-traditional products;5/

(c) Improvement of the availability and dissemination of trade information on exports and imports, to the foreign trade sector;

(d) Provision of specialized export trade services to the export sector;

(e) Design of appropriate training programmes aimed at human resource development for trade development; and

(f) Improvement of import operations and techniques at both government and enterprise level, including facilities, procedures and practices for more effective import management.

The above objectives define the core of ITC's strategy for technical co-operation in LDCs, though priorities may vary from country to country. It should be noted that ITC activities have mainly been implemented through technical co-operation projects and technical services at country, regional and interregional levels.

A. Institutional infrastructure for trade development

Establishment and/or strengthening of the institutional infrastructure for trade promotion and development has been one of the key areas of ITC's programme of technical co-operation in LDCs. Practically all projects with the LDCs had substantial components concentrated on this task. Activities were increasingly geared to the improvement of capacity for promoting foreign trade through better planning and formulation of programmes and strategies, as well as improving co-ordination mechanisms between policy makers and the business community.

Resident advisers supported LDC governments in their efforts to strengthen institutional mechanisms for trade promotion and development, improve co-ordination between the public and the private sectors, and formulate medium-term export development strategies. Research activities on export promotion and development structures most suited to the special needs of the LDCs were initiated, and will be continued in the future.

B. Export product and market development

Product and market development activities were generally geared to assessing LDCs' supply and export potential in various products; the formulation of export development and promotion strategies for selected priority products on target markets, and implementation of export development and marketing plans with exporters.

5/ Unless otherwise specified, all references to exports include intra-subregional and intra-regional trade flows.

Through the technical assistance provided by these activities, LDCs were generally able to assess the supply situation of their various products and hence their prospects for the future, vis-à-vis the current world supply and demand situation. On this basis, more realistic and detailed formulation of national export development plans and their implementation schedules in selected target markets were possible. LDCs participating in economic integration or custom union groupings have also found the supply-demand surveys useful, not only as a means to identify constraints to trade expansion, but also as a tool to promote intra-regional trade by, inter alia, facilitating buyer-seller meetings at enterprise level for pre-selected product groups.

In its approach to the problem of commodities and in addition to its more specifically targeted technical co-operation activities in product and market development of processed and semi-processed commodities at LDC country level, ITC has developed its technical co-operation activities through regular consultations with international organizations such as FAO, GATT, UNCTAD and UNIDO and with the relevant international commodity organizations i.e. the International Coffee Organization (ICO), the International Jute Organization (IJO), the International Cocoa Organization (ICCO), Asian and Pacific Coconut Community (APCC), International Tropical Timber Organization (ITTO), and the International Institute for Cotton (IIC). ITC has concentrated on IPC commodities 6/ and products on which it has accumulated knowledge and experience. In addition, projects on pepper and pepper products, and on silk and silk products are being implemented.

With regard to tropical beverages (coffee, cocoa and tea), ITC carried out the following activities:

For coffee the Centre provided an integrated package of assistance to export marketing boards and producers' organizations in two well defined areas: (a) Identification of problem areas and diagnosis of remedial actions. Sectorial studies covering the entire operations of the coffee sector were carried out in Burundi, Central African Republic, Ethiopia, Haiti, Malawi, Sierra Leone and the United Republic of Tanzania. (b) Development of technical skills within the coffee industry through a workshop on trading and promotion of coffee which included seven LDCs and in-service training with major traders and roasters in Europe covering six LDCs, i.e. Burundi, Ethiopia, Haiti, Malawi, Uganda and the United Republic of Tanzania.

For Tea, ITC carried out a preparatory assistance project with the aim of defining priorities for export development activities and organized a symposium on the formulation of export development projects in co-operation with the Tanzanian Tea Authority, in order to review research findings and to define priorities for future co-operation efforts in this field. In addition, it carried out activities aimed at developing an alternative bulk tea packaging system. A monograph on the financial aspects of tea production for export was prepared and a symposium held on this subject. Follow-up activities in the form of advisory inputs and dissemination seminars were carried out in Malawi and the United Republic of Tanzania.

6/ The 18 IPC commodities are bananas, cocoa, copper, hard fibres, jute and jute products, meat, rubber, tea, tropical timber, bauxite, coffee, cotton and cotton yarn, iron ore, manganese, phosphate rock, sugar, tin and vegetable oils.

With regard to cocoa, ITC carried out projects focusing on the following: (a) Publication of a commodity handbook Cocoa - A Trader's Guide, describing the commercial practices, export procedures, and marketing channels in international trade, and dissemination of information contained in the Guide in the cocoa trading countries. A number of dissemination seminars took place mainly in the smaller cocoa producing countries, including LDCs (Haiti, Sierra Leone, Togo and Vanuatu). (b) In-service training for cocoa traders and a workshop in Geneva and London on cocoa marketing, management and trading for senior executives from cocoa producing countries. (c) Preparation of a case study on cocoa trading to accompany the ITC's commodity handbook on cocoa.

Other commodities covered include jute and cotton.

With regard to Jute and Jute products, ITC carried out market promotion activities in Western Europe and Japan. The activities in Europe consisted of promotional activities in selected countries for carpet backing, yarn, wall coverings, bags, and geotextiles. The activities in Japan concerned a new 30kg jute rice bag and covered three main elements, i.e. tests and demonstrations for producers, consumers, co-operatives, wholesalers, etc; test support and public relations/advertising in a number of trade journals and the printing and selective distribution of documentation materials. As a result of this project, the Japanese Food Agency approved the jute rice bag for use by the agricultural sector, thus activating demand for this new product. In addition, some activities for the promotion of jute geo-textiles (case history studies) were carried out in the USA. One buyer-seller meet was organized in Europe in May 1989.

On Cotton, ITC activities centred on the preparation of a trainers manual on cotton trading and on organizing a workshop in Geneva, Liverpool and London on commodity trading operations for cotton.

C. Export trade information

Provision of trade information and market intelligence for exporters was one of the major activities of ITC, and all LDCs benefited from this service. In nine countries, i.e. Botswana, Burkina Faso, Burundi, Djibouti, Malawi, Mozambique, Nepal, Lesotho and Rwanda, where ITC has a trade promotion project, trade information-cum-market intelligence services were established. Inputs in the form of consultancies and advisory services: equipment, including electronic data processing equipment, documentation and subscriptions to trade journals were provided . Both tailor-made in-service training and general seminars in trade information were provided at ITC headquarters to 17 candidates from nine LDCs between 1985 and 1988. The microfiche series of the Import Tabulation System (ITS) for 1983-87 was produced in October 1988 and disseminated to 56 organizations in LDCs covering 17 countries, i.e. Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Democratic Yemen, Djibouti, Ethiopia, Lesotho, Malawi, Mauritania, Nepal, Niger, Rwanda and Tanzania. The ITC Market News Service (MNS), which specializes in supplying current market information (price and market trends) on four product groups: fresh fruits and vegetables, cut flowers, spices and raw hides and semi-tanned leather and skins, provided weekly information by telex, telefax, electronic mail, bulletin boards and/or by mail to 30 subscribers in LDCs, on the above mentioned products. In response to increasing demand, MNS plans to add tropical timber products and bulk-packed concentrated fruit juices to its product coverage in the early 1990s.

D. Specialized export support services

ITC's technical co-operation activities in this field were directed at improving administrative and technical skills of the LDCs in the following areas: export quality control, export packaging, export finance, costing and pricing, trade fairs and commercial publicity, legal aspects of foreign trade, export co-operation schemes for small and medium-sized enterprises, export-oriented joint ventures, international physical distribution of goods and export credit guarantee.

In this case, ITC helped in creating or strengthening services directly or indirectly concerned with the promotion of LDC's foreign trade; thus contributing to the improvement of these countries' general infrastructure for trade development.

During the decade under review specialized projects, advisory missions and seminars were organized in most of the LDCs. Training materials and technical manuals, monographs and practical guides were prepared and made available to the LDCs.

E. Import operations and management

Amongst the internal factors detrimental to effective import are: cumbersome import procedures; inadequate supply management systems and organization structures; poorly trained staff in all aspects of the import process; insufficient information on international supply markets and supply conditions; inappropriate procurement specifications; insufficient understanding of international commercial practices, contracting procedures and methods of quality assurance in imports; and inadequate materials management practices (e.g. handling, warehousing, stock management, distribution and maintenance).

ITC import assistance in the 1980s has been provided to governmental organizations responsible for the import regime and to public and private sector importers. LDCs have been assisted to overcome internal weakness in import management and also to attenuate the negative impact of external factors, through:

(a) Assisting importing organizations in LDCs to improve management systems and methods relating to planning of import requirements and formulation of technical specifications, international procurement, shipping arrangements, quality assurance of imported goods and materials management.

(b) Training of local staff responsible for imports at all levels. ITC has developed a body of technical and training materials in imports geared towards the needs of LDCs. Long-term national import training programmes have been set-up in various LDCs, and staff from LDCs have participated in numerous regional and interregional import training events. ITC has also organized on-the-job import training programmes in LDCs to deal with specific problems and requirements.

(c) Assisting importing organizations to set-up in-house import information units required to keep abreast of international market conditions and sources of supply. Assistance in import information has also been given to chambers of commerce and similar organizations serving the business community.

(d) Streamlining and rationalization of import and procurement procedures to ensure that they are more conducive to effective import management.

F. Human resource development for trade promotion 7/

Training in export promotion and import management has always been an important activity of ITC, and large numbers of participants from LDCs took advantage of the training courses, workshops, seminars, etc, organized by ITC in the 1980s. The emphasis has been on skills development in export marketing and import management and specific trade promotion techniques of particular relevance, in terms of products and markets to the countries concerned. For example, about 800 candidates from LDCs participated in the various courses, including the regional and in-country training courses, conducted by ITC in 1988. In support of these activities ITC produced and distributed in the 1980s a comprehensive range of training materials. In countries where national training institutions could implement training programmes ITC has co-operated in the strengthening of their capacities, through workshops for trainers in pedagogic and technical skills and preparation of training materials including case studies and curricula development. On-the-job training of counterpart staff in the public sector of some LDCs often resulted in enhancing their technical capabilities and contributed to the upgrading of their careers, wherein some now hold key posts in the government or in the parastatal sector.

IV. TRADE DEVELOPMENT PROBLEMS IN THE LDCS AND OUTLOOK FOR TRADE DEVELOPMENT IN THE 1990s

This chapter comments on certain trade development problems of the LDCs, e.g. structural problems, weaknesses in policy formulation, limited export services, poor import management, shortage of trained personnel, etc. It also presents a review of the outlook in the 1990s, taking into account the national trade environment, the international situation and the experiences of the 1980s.

A. Problems related to trade development in the LDCs

LDCs have faced many problems in their foreign trade development, some of which are external, while others are internal and for which they have some flexibility in resolving. However, the problems are as varied as the countries themselves. There are on the one hand countries which have fairly sophisticated structures with well developed institutions, whose problems would be different from those of small landlocked countries with poorly developed institutions. On the other hand, there are the very small island LDCs whose problems would be different from the larger LDCs. Hence, the nature and intensity of the problems relating to foreign trade development will vary in different countries. Still, there are certain problems that are common to the LDCs as a group and some of these are enumerated below. They can be grouped into four main categories: 1. Structural problems; 2. Institutional problems; 3. Problems related to policy; 4. Other problems.

The last category can further be subdivided into: (a) Enterprise level problems; (b) Problems related to the provision of export services; (c) Transport problems; (d) Problems of import management; (e) Problems related to human resource development.

7/ Human resource development cuts across all facets of trade development and hence in addition to this paragraph is reflected in various other sections in this paper.

1. Structural problems

The majority of LDCs rely on two or three export products for over 70 per cent of their foreign exchange earnings. Furthermore, they have limited market outlets for their products that in addition may be handled inefficiently by marketing boards, some of which are faced with managerial and financial problems as well as limited knowledge of new trends in commodity trading, poor marketing techniques and limited market information. As a result of the narrow export base and limited market outlets, these countries often face instability in export earnings which greatly affects their ability to import essential goods and hence adversely affects their development efforts.

2. Institutional weaknesses

As a result of the severe economic problems in the 1980s and the subsequent need to restructure LDC economies, the need to generate increased foreign exchange has attained a high degree of importance. However, resource allocation, both in terms of budgetary allocations for development expenditure and development assistance, by most LDCs is not commensurate with the prominence allegedly given to the foreign trade sector. Most LDCs have pursued their economic development strategies through multi-year national development plans focusing on sectors such as agriculture and food security, health, energy, industry, and transport. While recognising the obstacles to successful plan implementation caused by the critical shortage of foreign exchange, few plans assigned priority to the rationalisation of import regimes to conserve foreign exchange or to earn additional foreign exchange through a systematic programme of export development and promotion. At the level of government there is often limited involvement in export efforts, inadequate support systems for export promotion and import rationalization and little effort to solve institutional rigidities in trade development. The Ministry of Trade or the designated Trade Promotion Organization often lacks the authority or resources necessary for co-ordinating the trade development activities of the different government and business organizations. There are also serious shortages of resources, e.g, training facilities and trained personnel in the sector.

3. Policy weaknesses

In most LDCs, although mention is made in their development plans that priority should be placed on the promotion of foreign trade, there is generally a lack of clear policy framework for trade development in the plans; and foreign trade is given low priority in terms of resource allocation and policy guidelines.

In particular, there is often a lack of an appropriate macro-economic policy framework conducive to trade development. For example, overvalued exchange rates, rigid mechanisms for the allocation of scarce foreign exchange, cumbersome and sometimes arbitrary means of issuing import licenses have been the important reasons for stagnant or declining export earnings. In an attempt to correct macro-economic policy weaknesses, 23 out of the 42 LDCs had by 1987 adopted stabilization and/or structural adjustment measures to correct imbalances in their economies. However, for these policy measures to be effective in the area of trade development, they should be supplemented with clear guidelines for action by the operators.

4. Other problems

(a) Enterprise level problems

In some LDCs trade development problems at enterprise level begin at the pre-operational stage where there is poor identification and assessment of export oriented investment projects. Such projects are frequently conceived without adequate marketing feasibility studies and in the majority of cases, they have inadequate capital structure which subsequently affects their operations. At the operational level the most serious bottleneck, apart from scarcity of financial resources and organizational systems, is lack of trained and experienced manpower.

(b) Poor export support services

Absence of export services is basically a feature of underdevelopment but the problem becomes more acute in very small countries that have a limited export base because of the diseconomies of organizing such services. As a result, the private sector in many LDCs is underdeveloped and export support services such as trade information, market surveys, commercial publicity, export credit guarantee, product design, standardization, quality control, export financing, packaging and labelling, shipping, insurance and post-harvest handling of some agricultural products, which should have been provided by the private sector, have to be provided by the government. However, as a result of severe shortages of resources and personnel, such services are often inadequately provided and/or very often not integrated in a very structured way.

(c) Poor transport system

The infrastructure in most LDSCs, including the transport network, is underdeveloped and/or poorly maintained. This has serious effects on the foreign exchange earning capability of these countries as exports cannot easily be moved to the port of exportation, which in turn puts serious stress on an otherwise underdeveloped storage system. In such situations for example, post-harvest losses arising from transport and storage problems can be significant. For countries with access to the sea, improved transport networks could often lead to substantial increases in foreign exchange earnings, not only in ferrying their own export and import products but also through transit trade and port handling charges. This would also improve the efficiency of handling foreign trade and the foreign exchange earning capability of the landlocked LDCs.

(d) Poor import management

There is often a lack of recognition in LDCs of the potential for savings through effective purchasing and materials management of imported goods. Imports of LDCs suffer from a lack of clear-cut policies, shortage of financial resources, lack of forward planning mechanisms for import authorizations and foreign exchange allocation, inappropriate organizational structures, lack of external and internal information for adequate import planning and supply management, lack of skilled personnel and limited availability of import supporting services.

Operational problems of import management in LDCs include: (a) Unnecessary costs resulting in over-stocking and out-of-stock situations; (b) Lack of standardization of requirements, hindering consolidation of imports and maintenance of imported equipment; (c) Inadequate tendering procedures; (d) Inadequate terms and conditions of pu chase contracts; (e) Inability to effectively manage import transportation costs and operations, including possibilities for cargo consolidation; (f) Unsatisfactory inspection and control over import shipments; (g) Delays in preparation and processing of import documentation.

The most serious difficulty experienced by LDCs in imports is the lack of access to - and capacity to use - information on internal demand and on supply markets.

Another problem facing LDCs arises from tied imports under financial aid, which often restricts access to competitive suppliers in other countries. As LDCs are in no position to dispense with aid, they face a problem over which they have limited control. However, with better internal organization and advanced planning of imports under aid, it is often possible to improve the utilization of aid facilities.

(e) Shortage of trained personnel in the foreign trade sector

Perhaps the biggest handicap of LDCs in the foreign trade sector is an acute shortage of trained personnel. Foreign trade is a complex matter covering a wide variety of subjects such as market requirements, trends in price fluctuations, freight and insurance, credit and payment terms, import regulations, customs, standards and quality control, and lack of familiarity with these subjects prevents many enterprises from venturing into this sector of the economy. Private traders look to governments for assistance and guidance in these matters, but the demand for experienced personnel is so great that governments are often not able to respond to these requests promptly or effectively. The shortage of trained personnel in foreign trade development is the result of inadequate training in export marketing and trade promotion, limited training institutions, inadequate training materials, limited number of trainers and limited liaison between the training institutions and the business community, which has resulted in training not being oriented towards the needs of the business community.

B. The outlook in the 1990s

Assessment of the medium-term trade outlook for LDCs depends on the assumptions made concerning their domestic policies and the external environment that is likely to prevail. Failure to take appropriate measures to reduce the large external imbalances among the industrial countries could significantly influence the prospects for LDC growth. However, timely and decisive action by the major industrial countries to reduce the imbalance could improve the prospects for sustained growth and price stability in the industrial economies, which would be an important precondition for export growth in the LDCs to be sustained at an adequate level. In a similar manner, further action on the macro-economic policy measures which would include refinement of the policy changes that have been introduced by LDCs concerning the exchange rate regime, price incentive measures, monetary and fiscal policy measures, trade promotion measures, greater role of the private sector and measures aimed at creating a conducive investment climate, would go a long way to increase overall production, and exports.

1. The national trade environment

An appropriate macro-economic policy environment which eliminates price distortions in the domestic economy and provides the necessary price incentives for the productive sectors is essential for any successful trade development strategy. Whatever the level of technical assistance that may be extended to LDCs, if a conducive production environment does not exist, then export development will be severely hampered. An appropriate price structure, when coupled with technical assistance for trade development should lead to the development of non-traditional exports and broaden the export base. Furthermore, no trade development actions will be successful if there is not a clear commitment at the highest level of government towards a national trade development policy.

On the other hand, a more liberalized trade regime would lead to a broader section of the business community dealing with imports as opposed to the often present state controlled arrangements and hence the need for greater technical assistance on import operations and import management. However, the adjustment measures being undertaken by some of the LDCs must be seen as part of a longer term development approach and must take full account of the human dimension.

For long-term economic growth in the LDCs, sustainable development and modernization of agriculture, including the use of new and improved agricultural technologies, as well as strong research and extension services is absolutely necessary, and should form an important part of their reform process.

The role of the private sector as an important engine of growth will feature prominently in the LDCs' adjustment efforts and should continue to be encouraged.

Inflation is another important aspect to be tackled by most LDCs in the reform process if the price incentives are to produce the intended effects on production. In addition, in order to reflect appropriately on the scarcity of capital in most LDCs and to indicate the real cost of money, account should be taken of nominal interest rates; these should be raised above the inflation rates in order to attain positive real interest rates to encourage domestic savings. International interest rates are expected to remain high, as a result of which LDCs will have to rely to an increased extent on their own savings to finance investment as well as debt servicing.

2. The external environment

Several factors, external to the LDCs, will continue to influence their trade development in the 1990s. Such factors include fluctuating commodity prices, trade preferences, the debt situation and the possibilities for regional and interregional co-operation among the developing countries, including the LDCs.

(a) Fluctuating commodity prices

The past and future performance of the commodity sector in LDCs has been and will continue to be influenced by a variety of demand and supply factors. On the demand side, these include the low rate of commodity demand growth in major importing countries, the negative impact of technological and structural changes, and the relatively high levels of consumption already attained in food and tropical beverages in the industrial countries. On the supply side, major factors are the macro-economic policy conditions in commodity producing countries, the high level of agricultural support in

developed market economy countries and the pressure on developing countries to expand exports in order to meet their debt servicing obligations. Monetary factors such as exchange rate instability and high interest rates may also continue to have adverse effects on commodity trade and prices. Another factor is the lack of success of international commodity agreements to stabilize prices, and the increased difficulties in negotiating and re-negotiating them. There are compensatory financing facilities for export earnings shortfalls for commodities, such as the IMF Contingency and Compensatory Financing Facility (CCFF) and the EEC/ACP STABEX, as well as the Swiss Compensatory Financing Facility8/, but these facilities are not sufficient to compensate fully the losses in export earnings arising from the very wide fluctuations in commodity prices.

This calls for the need to improve the supply/demand balance for many commodities inter alia through the stimulation of consumption through generic promotion, exploiting their comparative advantage versus synthetics and increased efforts on research and development, including new end uses for natural products. It also calls for the need to expand technical co-operation activities to support the diversification, processing and marketing efforts of the LDCs.

(b) Trade preferences

The acknowledged success of outward-oriented development is partly responsible for the move towards market-based policies in most LDCs, although for some there was really no choice as their economies had reached crisis conditions. In the last three to five years many developing countries have taken two important initiatives towards what developed countries have long sought of them. One has been unilateral liberalization of trade restrictions. The other has been a change in the approach to GATT, and more specifically, active participation in the Uruguay Round negotiations. In spite of all these developments and despite the encouraging growth in world trade in recent years, the world's trading system has become markedly less liberal. Governments have reduced conventional tariff protection but have raised other barriers to trade instead. Although the high income countries have recognized the role of trade in promoting growth and industrial development in the low income countries and thus have accorded these countries a variety of concessions and preferences, e.g. GSP and Lomé, the reality which is emerging, particularly in the EEC, is that preferential trade is no longer the centre piece of the EEC/ACP relationship. The mood is "do not rely on preferences, rely on competitiveness"9/. This means that LDC products will have to meet the requirements of the competitive market situation in terms of price, quality and delivery schedules, and this calls for technical assistance to assist LDCs to meet these requirements among others.

(c) The debt situation

The pace of debt accumulation, especially of commercial bank debt, rose sharply after the rise in oil prices in 1973, the commodity boom of 1976/77, and the second oil price rise in 1979. The rise in oil prices in 1979 was a major factor but the subsequent increase in interest rates in a bid to fight inflation in the advanced countries, and lower commodity prices were even more important.

8/ The Swiss Compensatory Financing Facility compensates developing countries' export earnings shortfall for products exported to Switzerland. The Facility works on the same principle as STABEX.

9/ Financial Times, July 1989.

(d) Economic co-operation among developing countries

Many LDCs are either small island states or small landlocked states. Their domestic markets are very small, hence any efforts to form regional or subregional economic groupings would go a long way in enhancing their economic development efforts and should receive the assistance of the international community. Small internal markets and low purchasing power are barriers to international competitiveness and hence the rationale for regional co-operation. As governments have moved to more market oriented policies, at least one impediment to integration has been removed. However, even if agreement on the political aspects could be reached, the benefits of integration will not be attained unless regional transport and communication systems are upgraded. This calls for assistance from the international community to assist LDCs to rehabilitate, improve and upgrade the transportation infrastructure for growth and development to be sustained on a long-term basis.

3. The environment for external trade development

The crux of the export problem in most LDCs is the weakness of their production base. Issues such as identification of the correct markets, establishment of proper trade links, securing the best terms of sale, arise when production of marketable goods is adequate. However, the development of a product for export has to be based on an adequate knowledge of the future market prospects for that product. The LDCs are extremely weak in planning the development of their production base for export because of the diverse elements that are involved in making proper assessments. The production problem itself has three aspects: (a) Weakness in the production of traditional export commodities; (b) Lack of facilities for processing or adding value to these commodities; (c) Lack of alternative production sectors to facilitate diversification.

As noted earlier in this paper, agricultural raw materials and other natural resource based products account for the bulk of the exports of LDCs. The first and obvious step in the promotion of their exports is to revitalize and modernize the production of exportable agricultural and other natural resource based products. Maximum advantage has first to be taken of the production base that already exists in these countries, and therefore the export development strategy should consist of all-out efforts to improve the quantity and quality of production in the traditional agricultural sector. In the case of the United Republic of Tanzania, for example, it has been established that if the quality of coffee exported could be improved, it would raise coffee export earnings by 20 per cent. Since coffee export earnings account for about 35 per cent of the total foreign exchange earnings, an improvement in the quality of coffee exported would increase the total foreign exchange earnings by 7 per cent. The first priority should, therefore, be to make the existing export base viable and efficient, whatever that base may be.

In the period 1990-2000, real prices are projected to remain depressed since only a modest improvement above the present record low is projected in non-fuel commodity prices. The declining trend of beverage prices is projected to be reversed in mid 1990s as supply is reduced in response to continued low price levels. An upward trend may materialize for the prices of some raw materials after 1990 if industrial production in the OECD countries increases and is sustained. Fats and oils and sugar, however, are projected to decline and the downward trend in cereal prices may be resumed. Overall, the evolution of the commodity situation will continue to be affected by a number of other factors, such as income distribution and technological change, which are difficult to predict and which could vitiate the modest improvement referred to above.

With the exception of very few LDCs, the majority have a very limited domestic market, and this means that diversification of their economies into agro-processing and manufacturing has to be geared towards the external market. As a result of the long distances involved between the LDCs and the major markets in Europe, Japan and North America, poor transportation infrastructure, low quality of output, coupled with the growing trend towards protectionism and the fact that some of the LDCs are landlocked, the immediate markets for some LDC products may be in the neighbouring countries. This calls for greater co-operation among the developing countries, including the LDCs, in order to take advantage of the larger market for their manufactured products if transport and other trade development related problems can be solved through technical co-operation assistance. Apart from manufacturing, the scope for expanding other rural based, labour intensive, export-oriented activities does exist and should be explored further.

In the light of the Uruguay Round of Multilateral Trade Negotiations, the creation by the European Community of a single market after 1992 and the possible development of other economic groupings, there is likely to be a changed export marketing environment in the 1990s for which the LDCs should be prepared.

As LDCs broaden their export base through diversification and identification of new export-oriented projects, there will be greater need for ITC's specialized services, which include supply/demand surveys, trade information, improvements in quality and standards, costing and pricing for exports, packaging and labelling, publicity, export finance, legal aspects of foreign trade and export credit guarantee.

In the area of import operations and import management, LDCs will continue to depend heavily on imports including those funded through aid programmes, for their development needs.

The general move towards liberalization of imports will result in reduced needs for technical assistance in the rationalization of import regimes. At the same time, the greater involvement of the private sector in the import process and new international procurement opportunities created by increasing competition between traditional suppliers and potentially new ones, will call for additional skills in procurement and supply management, and a more extensive and up to date knowledge of international supply sources and supply conditions.

There will also be greater complexity of the import process and particularly of import operations due to increased market sophistication and to technological development, affecting in particular imported machinery and equipment but also other imported goods. It will be essential for LDCs to improve their supply market monitoring through access to computerized data bases and other advanced data sources, as such tools will be commonly used by developed and more advanced developing countries.

The LDCs will continue to face acute shortage of trained and experienced manpower in international marketing and trade promotion in the 1990s, hence human resources development will be one of the most important areas for technical assistance in the LDCs.

In addition, training institutions in LDCs are rarely oriented to practical training in trade development and there is weak relationship and/or liaison between the training institutions and the needs of the business community. A special problem in the majority of LDCs is that these countries are monoculture in the sense that they produce one or two

commodities and hence the demand for commodity specific training within the countries is fairly limited. Therefore, effective training on the problems of specific commodities can best be organized at the regional level and taking advantage of regional institutions wherever they exist.

V. PROPOSALS FOR ITC's COURSE OF ACTION IN FOREIGN TRADE DEVELOPMENT FOR LDCs IN THE 1990s

The trade development proposals presented in this chapter should be read against the background presented in Chapter IV, however, they are limited to the future lines of technical co-operation between LDCs and ITC in trade development. In doing so, it is inevitable that reference will have to be made to certain broader issues requiring the competence of other bodies within the United Nations system. The spirit should be of co-operation and every agency should assist the LDCs as much as possible within its field of competence and in co-operation with other agencies.

The one thing which comes out clearly throughout this paper is the very weak production base in most of the LDCs. Proposals for increased technical assistance in trade development in these countries have to take as a first priority ways and means to broaden the production base. An increase in the production base through increases in natural resource based products and identification and assessment of export projects has to take into account the international market situation, as the viability of a project depends on the marketability of the product.

Besides, most of the LDCs have very small domestic markets that cannot sustain increased production on a large scale. While it has been argued that increased production is inextricably linked to marketing and that the market comes first, unless supply constraints can be alleviated and supply capacity can be build up to take advantage of market opportunities abroad, activities oriented to access to markets per se will not result in expansion of exports.

The trade development proposals presented in this paper take into account both short-term and long-term objectives: in the short- term the objectives are to obtain rapid results to solve the critical shortage of foreign exchange. These include: (a) Improvements in natural resource based products including commodities; (b) Increased export marketing of non-traditional products particularly in the neighbouring countries (South-South trade); (c) Strengthening of institutional infrastructure including support services for trade development; (d) Improvements in import operations and import management; and (e) Human resource development.

The long-term objectives are to broaden the production base for export. These include: (a) The development of new products for export; and (b) The promotion of joint ventures involving in particular subcontracting and buy back arrangements.

The fulfillment of the long-term objectives would involve changes in the structure of production and the laws (rules and regulations) governing production in the LDCs. In turn, it means that ITC should get more and more involved in encouraging export oriented production activities, which are inextricably linked to export marketing, and that ITC should liaise closely with UNDP, UNIDO, FAO and ILO.

In trying to ameliorate some of the LDCs' trade development problems discussed earlier and taking into account the environment that is likely to prevail during the 1990s, ITC activities in trade development in the LDCs should focus on the objectives mentioned above. These have been grouped into four main areas:

- Broaden the export base through export production and product and market development assistance, which would include improvements in commodity and other natural resource based production and trade, increased production and improvements in manufactured exports and the promotion of joint ventures.

- Improvements in the institutional infrastructure for trade development including support services.

- Continued activities related to import operations and import management.

- Human resource development for trade development.

A. Export production and market development

1. Improvements in commodity trade

As indicated earlier, the crux of the export development problem in most LDCs is the weakness of their production base. The base which already exists, and which needs to be further developed and promoted, is initially that of commodities, minerals, fisheries and/or forestry products. The vulnerability of LDCs becomes greater because of their dependence on one or two primary products. High priority should, therefore, be given to the broadening of the agricultural and/or natural resource base itself.

ITC activities in the field of commodities in LDCs should include all export market development and promotion efforts. Objectives include:

(a) Expanded participation of LDCs in the processing, marketing and distribution of commodities resulting in increased economic activity in these countries, better utilization of natural resources and higher returns on commodity exports.

(b) Improvements in the quality of commodity exports.

(c) Effective marketing and distribution systems.

(d) Improved trade information systems.

(e) Increased knowledge and skills of LDC personnel in commodity processing and trading.

In order to achieve the above-mentioned objectives, ITC's commodity activities will continue to combine several or all of the following elements: the identification of export opportunities; formulation of strategies for market entry, generic promotional campaigns; supply and demand link-ups; adaptation or development of new export products; provision of trade information services; and the provision of specialized trade development services.

Most of ITC's technical co-operation activities in commodities will be commodity specific. However, work on cross-commodity issues (such as the operation of commodity exchanges - in particular the functioning of futures markets - and the development of training material on commodity trading, export financing for commodities, strengthening of commodity boards, etc) should be given due attention.

Certain technical co-operation needs of commodity exporting developing countries will continue to be addressed mainly through interregional and regional projects, which will complement technical co-operation projects at national level including at enterprise level. It is expected that the activities at national level will gain in importance.

Technical co-operation assistance, particularly in international marketing and export support services, should continue to be extended to other natural resource products such as minerals, marine products, forestry products and horticultural products.

2. Increased production and improvements in processed and manufactured exports

While broadening the agricultural and other natural resource base will facilitate export diversification to some extent, the long-term objective for some LDCs has to be diversification through the development of the manufacturing sector and the development of export services, such as tourism and transit trade. In most LDCs, primary commodity exports will continue to remain a dominant factor in their export trade, but the importance of the manufacturing sector in creating employment opportunities and also of increasing export earnings, along with other benefits, attendant to industrialization cannot be ignored. Given the anticipated global environment and the prevailing conditions in the LDCs, the task of expanding manufactured output, and indeed manufactured exports, is an extremely challenging and complex one. Constraints notwithstanding, substantial progress can be made in these areas given governments' commitment and policy support. The scale and scope for export production in the manufacturing sector obviously varies from one LDC to another. In some, export-oriented manufacturing activities will remain limited by the size of the domestic market. The export promotion strategy in such countries should be to enlarge the range and quality of existing production by introducing improved designs, standardization, quality control, etc; to diversify their regional and international markets and improve their marketing efficiency. In other LDCs there may be scope for the processing of raw materials and agricultural products as well as the establishment of other manufacturing units based on domestic resources. In a few LDCs there may be scope for diversification into altogether new lines of manufacturing. The strategy here should consist of the following main components:

- Country by country review of existing export oriented manufacturing industries.

- Identification and assessment of new export oriented industries, priority given to industries that use local raw materials.

- Improved utilization of existing capacity through tailor-made assistance at the enterprise level in the areas of product and market development.

- Specialized programmes for strengthening and promoting export-oriented small and medium enterprises particularly in rural areas with minimum capital inputs and utilizing existing skills.

- Sustained export/sales promotional inputs covering existing and new markets through sales promotion tours, participation in fairs and exhibitions and well planned buyer/seller meet programmes.

ITC will have to play a lead role in assisting LDCs in their efforts to achieve a substantial and sustained improvement in the export of manufactured products. However, the task of expansion and diversification of export-oriented industries and products will warrant a multi-disciplinary approach. ITC will, therefore, need to work in close co-operation with other concerned agencies in the UN system, including in particular UNDP, UNCTAD, UNIDO, ILO and FAO.

In particular ITC should develop integrated multi-year programmes for selected products of export-interest to LDCs (e.g. cotton products, leather products, tropical timber, handicrafts, etc.). These programmes should be built upon identified export potential taking into account market prospects and requirements and include significant elements of product adaptation and/or production development. These technical co-operation activities should be mainly carried out at enterprise level and be co-ordinated with the work of local trade promotion organizations and industry bodies.

The Centre's research activities should also be geared towards identifying new products and market outlets for least developed countries to help them in their diversification efforts.

In addition, ITC should increase its work in the field of export of technical consultancy services from LDCs. Of particular relevance to these countries would appear to be increasing the awareness of governments to the contribution which this sector can make to the economy and strengthening the existing institutional support in both the public and private sectors and at the enterprise level. Particular attention should be given to the following fields: off-shore computer programming, key punching and electronic data processing, information services and management consultancy.

3. Trade information

Trade information is an essential and integral part of trade promotion. It is essential for the purpose of facilitating and possibly even permitting the promotion of exports and the rationalization of imports of a country and action by its economic operators. However, the organization of an efficient flow of relevant trade information from source to user requires specialized services.

In order to improve access to and use of trade information, ITC's technical co-operation with LDCs in the 1990s should therefore focus on the institutional setting, with particular attention to the training of personnel in selective dissemination of trade information. It should provide guidance and training in the analysis of the information needs of specific groups of users of these trade information services.

ITC should continue its technical co-operation activities in the field of trade information also on the regional and inter-regional levels, such as, for example, with the Preferential Trade Area (PTA).

On the national level, ITC should make provisions to support an efficient functioning of trade information services. This could be ensured through periodic roving specialized consultancies and roving on-site training events for trade information personnel and the business community.

B. Institutional infrastructure for trade development

The main thrust of ITC's technical co-operation programmes in LDCs has been on the establishment and strengthening of the institutional infrastructure for trade development. This covers the whole range of

interrelated policies, technical co-operation programmes, specialized support services and the institutions for implementing them. In order to avoid fragmentation in the provision of trade development services, there is need to strengthen the institutional infrastructure in most LDCs.

To compete effectively abroad, and avoid the increasing concern of marginalization in international markets, LDCs will need to significantly improve both their planning for, and development of, both medium- and long-term trade promotion and export development strategies and specialized support services to exporters. Thus a continued strong government commitment to earn additional foreign exchange through a systematic programme of trade development and promotion is essential; supported by a positive operational environment for entrepreneurs and adequate resource allocation to the sector. To be successful these policy commitments must be based on a close working relationship with the business community. Hence a minimum institutional framework is required to facilitate dialogue between business and government, and to assist exporters to benefit from the policies.

Institution building for trade development is beset with serious difficulties in LDCs because of the severe shortage of trained personnel, both in the government and business sectors. There should obviously be a focal institution for trade development within the appropriate ministry or a parastatal body financed jointly by the government and the private sector, but most of the small LDCs should not be encouraged to set up separate institutions for different functions and services. Specialization by institutions is no doubt a desirable objective, but in small countries, there is neither the scope nor the need for this. Technical co-operation with these countries should, therefore, concentrate on the development of multi-disciplinary expertise within the same institution, particularly at the senior levels of management where the shortage of experienced personnel is more acute.

C. Specialized support services including the promotion of joint ventures

While the familiar approach of industrial development through import substitution has achieved some degree of success in certain relatively large LDCs, even these have serious handicaps in sustaining a vigorous export-based industrial sector. The lack of financial resources, industrial infrastructure, high cost of capital and other such inherent constraints of LDCs often make their manufacturing sector weak, their products uncompetitive and therefore, whatever industrial production has taken place in these countries has generally been mainly oriented to the domestic market. One solution to the problem of stimulating industrial production for export would be through joint ventures. However, these should be guided by clearly defined domestic laws that protect both partners as well as the government, in line with the best interests of the countries' long term goals and objectives. In addition, joint ventures should have definite provisions for buy-back commitments and export obligations so that the LDCs are not burdened with the responsibility of finding markets for the finished products. In general, while the larger companies in developing countries are able to find suitable joint venture opportunities on their own, the medium-sized enterprises may need assistance in entering into suitable export-oriented joint ventures. The role of ITC should be to assist LDCs in the preparation of pre-feasibility studies on export-oriented projects designed to attract both domestic and foreign investors. Apart from improving the export earnings of LDCs, joint ventures would also serve as catalysts for the industrial development process in these countries.

As discussed above, in order for LDCs to broaden their export base, where possible they need to diversify their economies in terms of products into agro-processing and the establishment of manufacturing industries. To have a significant increase in manufacturing output in the LDCs, large amounts of investments are required in these countries; these have not been forthcoming from the private sector; similarly the governments have not been able to raise the finances required.

Investment in manufacturing has not been forthcoming because of two main reasons. First, the investment climate, in terms of policy, financial and other incentives, infrastructure, institutions and political stability have been lacking in some LDCs. Second, domestic resources, in terms of finance, personnel and know-how, are low for any appreciable industrial development to be sustained. Under such circumstances, it would be very difficult to expect that LDCs will diversify their economies into manufacturing without a significant injection of capital into these economies which should be coupled with major policy changes.

The non-availability of facilities for mobilizing equity and term loan finance for export projects is at the heart of the problem of expanding production for export. Alleviation of this problem in close co-operation with other international agencies should constitute one of the priority areas for ITC technical co-operation assistance in the LDCs. This may not yield immediate benefits as export projects generally involve a long gestation period before a return on investment can be realized, but the long-term gains in terms of increased export production would exceed by far the costs involved.

The strategy should also have provisions to make available to the export sector the specialized trade promotion support services such as quality control, costing and pricing, export finance, packaging and labelling, trade information, etc. In response to country requests for ITC assistance in the specialized services, priority should be given to countries where the policy base, and the general economic environment are favourable to export development.

D. Import operations and import management

Developing countries in general, and LDCs in particular, need to have easy access to market information concerning imports, such as sources of supply, supply conditions, commercial practices and prices. At present, most of the LDCs depend on second-hand sources of information such as reports from press agencies, brokers and commodity exchanges, and have neither the knowledge nor the financial resources to acquire the latest and most reliable information. The countries, where ITC's technical assistance has been extended, have been exposed to the latest sources of supply of market information but often cannot sustain the acquisition of such information once the projects are completed.

Apart from assistance in obtaining market information, most LDCs also need assistance in improving the efficiency of the organizations and enterprises responsible for imports or providing import support services.

Since the import assistance requirements of every LDC are based on its own particular economic, financial and institutional conditions, technical co-operation in import operations should continue to be provided primarily at the country level, through national projects, with substantial resources to ensure adequate impact. ITC should also envisage, where feasible, the implementation of projects aimed at grouping certain inputs among neighbouring countries or amongst countries belonging to the same economic integration scheme.

The main ITC activities should be on the operational aspects of import management since import regimes in most LDCs are being liberalized. The greater involvement of the private sector in the import process in LDCs will be another important factor in the technical co-operation of ITC. More specifically, it is proposed that five areas of assistance receive priority attention:

(a) Development of national capabilities (systems, procedures, trained staff) for import management at enterprise level in the key areas of international procurement and materials management, with special emphasis to be given in areas such as quality assurance and price monitoring, planning and monitoring of import logistics, warehousing, provisioning for maintenance and spare parts replacement, to ensure that costly imported machinery and equipment are used throughout their expected life cycle.

(b) Co-operation with local management training and consultancy organizations on import skills development concentrating on curriculum development, strengthening of training facilities, selection and training of trainers in import management and development of training materials adapted to local requirements. Particular efforts will be made to use the large body of technical reference and training materials already developed by ITC, with the necessary adaptations in each case.

(c) Greater emphasis on assisting imports in priority sectors for economic development, such as the electrical sector, transportation and the major productive sectors. Particular attention should be placed on imported inputs for export-oriented production in order to enhance the competitiveness of exported products of LDCs in international markets.

(d) Establishing a system for disseminating to LDCs import-oriented market intelligence on a selective basis, covering as a priority the strategic and essential imported products. With due caution, efforts should also be made to extend the use of more advanced management tools, such as micro-computer based systems, wherever they are found to be feasible and likely to make a substantial contribution to better import management.

(e) Continue assistance to LDCs within the framework of economic adjustment programmes, often implemented in association with World Bank loans, thus facilitating the successful outcome of these programmes in the aspects related to procurement and materials management of imported machinery and equipment, raw materials and other goods required for economic development.

E. Human resource development

The acute shortage of trained personnel for implementing various components of trade development programmes as well as import operations and import management has been repeatedly stressed in this paper. The emphasis in ITC's direct training activities (workshops, seminars, etc) has been at the national level, i.e. such activities were typically undertaken within a country on the basis of a previous training needs and capacity analysis. Training programmes have therefore, been undertaken in a number of LDCs based on their individual needs but not for LDCs as a group.

Over the years, ITC activities in human resource development for developing countries as a whole have tended to focus on the following main areas:

(a) Determination of training needs and formulation of manpower development strategies.

(b) Co-operation programmes with national training institutions, aiming at contributing to the development of self-sufficiency in training for foreign trade. Such co-operation programmes form part of the national and subregional human resources development strategies, and typically contain elements such as training of trainers, advice on curriculum development, development of training materials, etc.

(c) Direct training within the framework of development co-operation projects.

(d) Development of an action programme for promoting the involvement of women in the trade development process.

All these aim at increasing the number of qualified personnel capable of contributing in the immediate term to the export development efforts of the LDCs.

ITC's strategy in the 1990s will be to assist national and subregional training institutions to introduce and/or increase training programmes in trade development and international marketing including an emphasis on commodity trading. Technical co-operation will concentrate firstly on supporting national initiatives to establish permanent training capacities or reinforce existing institutions and secondly on direct training activities in specialized subjects and technical areas in trade development to complement ongoing programmes. Direct training will consist of on-the-job training; upgrading of trade promotion and export marketing skills of key personnel, from trade-related public sector entities and from the business community in LDCs. This should be done by strengthening the managerial capacity in the training institutions implementing such programmes and by bridging the gap between the business community and the institutions providing non-academic training in the foreign trade sector.

ITC has developed an export executive development programme for senior managers from LDCs. This programme emphasizes practical approaches to problems and makes use of proven export marketing techniques, e.g. by requiring each participant to undertake practical project work, preferably based in his/her own company, under the guidance of ITC trainers and consultants. This represents a new orientation in human resource development for trade development in the 1990s and will make this type of training more effective.

In addition, it is expected that all training activities will be based on comprehensive national training needs and capacity analyses at both sectoral and enterprise level and will be targeted at both the business community and trade promotion personnel in government as well as government departments. In highly specialized areas fellowships may be made available to LDC candidates to participate in training programmes abroad.

F. Implementation

The trade development proposals presented above would be implemented essentially through technical co-operation projects supported by ITC's specialized technical services. Technical co-operation should:

(a) Have a very comprehensive emphasis on programming of the activities, in co-operation with national authorities.

(b) Be provided primarily at country and/or subregional level and particularly at the enterprise level, to ensure identification with the often very different national priorities and product/market and exporter/importer requirements in the foreign trade sector.

(c) Be programmed and implemented in both a short-term and long-term perspective.

(d) Have a strong enterprise oriented approach through co-ordinated production and market development in the export sector, in view of the very small number of exporting institutions and/or individuals in many LDCs.

(e) Assist in the expansion of intra-regional trade (South-South trade).

(f) Be co-ordinated with UNDP, UNCTAD, UNIDO and FAO to expand production for export and the relevant international commodity organizations in international marketing of commodities.

(g) Strengthen existing regional organizations, such as CEAO, ECOWAS, PTA and SADCC, which have LDC members.

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SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES:

Preparatory process for the Conference

THE GATT AND THE LEAST DEVELOPED COUNTRIES

Contribution by the General Agreement on Tariffs and Trade (GATT) */

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THE GATT AND THE LEAST-DEVELOPED COUNTRIES

Introduction

1. Least-developed countries form an integral part of the GATT system. At the end of 1988 twenty contracting parties[1] out of the total GATT membership of ninety-six were considered least-developed countries; nine others applied the General Agreement on a de facto basis, while a further seven countries had a working relationship with the GATT. The trade of these contracting parties is subject to the multilateral rules and principles of the GATT and the rights and obligations arising therefrom. However, while specific GATT measures in favour of the least-developed countries can be traced to the Tokyo Round of multilateral trade negotiations, developing countries, including the least-developed among them, have always enjoyed a special status within the GATT system. Certain provisions of the General Agreement are applied with flexibility with regard to these countries; and certain special benefits are incorporated in a number of GATT Articles, e.g. Article XVIII dealing with commercial policy measures taken as governmental assistance to economic development, Article XXVIII dealing with tariff negotiations, and Part IV (Articles XXXVI - XXXVIII) dealing with the trade and development of developing countries. Moreover, in the application of various GATT provisions, it is expressly recognized that the contributions and obligations of developing countries are related to their individual development, financial and trade needs. The least developed countries have fully benefited from all the special actions taken in favour of developing countries within the GATT.

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[1] The following least-developed countries are contracting parties to GATT, Bangladesh, Benin, Botswana, Burkina Faso, Burundi, Chad, Central African Republic, Gambia, Haiti, Lesotho, Malawi, Maldives, Mauritania, Niger, Rwanda, Sierra Leone, Togo, United Republic of Tanzania, Uganda, Union of Myanmar. Least-developed countries applying the GATT on a de facto basis are: Cape Verde Islands, Equatorial Guinea, Guinea-Bissau, Kiribati, Mali, Mozambique, Sao Tomé and Principe, Yemen Democratic Republic and Tuvalu.

SECTION I

THE TOKYO ROUND AND ITS AFTERMATH

2. The origin of specific GATT actions in favour of the least-developed countries can be traced to the launching of the Tokyo Round of multilateral trade negotiations in 1973. The Ministerial Declaration which preceded the negotiations recognized the importance of the application of differential measures providing for special and more favourable treatment to developing countries in areas of the negotiations where this was feasible and appropriate. It further recognized the particular situation and problems of the least-developed countries and stressed the need to ensure special treatment of these countries in the context of any general or specific measures in favour of developing countries.

3. The negotiations resulted in the conclusion of agreements providing for tariff concessions including those on a wide-range of tropical products, a series of agreements dealing with non-tariff measures and certain agricultural products as well as certain decisions and understandings with respect to the legal framework of the GATT. In the area of tariffs, concessions both on m.f.n. and GSP bases covered agricultural and manufactured products of export interest to least-developed countries.

4. One of the most notable results of the Tokyo Round from the point of view of least-developed countries concerned the agreements relating to the framework for the conduct of international trade especially in the section dealing with differential and more favourable treatment, reciprocity and fuller participation of developing countries, the so-called Enabling Clause. This Clause which is a derogation from the m.f.n. principle enshrined in Article I of the General Agreement provides the legal framework within the GATT system for the provision of differential and more favourable treatment to developing countries without according such treatment to other contracting parties. Thus, notwithstanding the provisions of Article I of the General Agreement, contracting parties may

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accord special treatment to developing countries, including the least-developed among them in the context of any general or specific measures in favour of developing countries, without according such treatment to other contracting parties (paragraphs 1 and 2(a)). Differential and more favourable treatment may be granted to developing countries, in respect of (i) tariff preferences accorded under the GSP; (ii) non-tariff measures governed by agreements mutually negotiated under the auspices of the GATT; (iii) exchanges of tariff and, under certain conditions, non-tariff preferences among developing countries in the framework of regional or global trade and economic cooperation arrangements; and (iv) special treatment for the least-developed countries in the context of any general or specific measures in favour of developing countries. Developed contracting parties undertake to exercise, in accordance with the provisions of the Enabling Clause, "the utmost restraint in seeking any concessions or contributions from least-developed countries for commitments made by them to reduce or remove tariffs and other barriers to the trade of the least-developed countries". Furthermore, these countries "shall not be expected to make concessions or contributions that are inconsistent with the recognition of their particular situation and problems".

5. The Enabling Clause thus not only provides the legal basis within the GATT generally for the differential and more favourable treatment of the least-developed countries but also further elaborates the concept of non-reciprocity with regard to those countries in GATT negotiations of concessions or contributions.

Agreements on non-tariff measures

6. The Tokyo Round Agreements on non-tariff measures[1] contain provisions on special and differential treatment for developing countries. As indicated below, some non-tariff measure agreements also incorporate specific objectives, understandings and commitments relevant to the interests of least-developed countries.

7. In the agreement on Government procurement, Article III on special and differential treatment for developing countries enjoins the parties to the Agreement to take due account of the development, financial and trade needs of developing countries, in particular of the least-developed countries, when they implement and administer the Agreement. It is recognized that least-developed countries and other developing countries need to safeguard their balance-of-payments positions, promote the establishment or development of domestic industries, support industrial units wholly or substantially dependent on government procurement, and encourage development through regional or global economic and trade cooperation among developing countries. Developed country parties to the Agreement undertake to provide all technical assistance which they may deem appropriate to developing country parties in resolving their problems in the field of government procurement (Article III:8). Special treatment for least-developed countries is provided for in Article III:11 and 12. Such treatment shall be granted to least-developed country parties and to

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[1] Six agreements on non-tariff measures were concluded; they were the Agreement on Technical Barriers to trade; (ii) Agreement on Government Procurement; (iii) Agreement on Subsidies and Countervailing Duties; (iv) Agreement on Customs Valuation; (v) Agreement on Import Licencing Procedures; and (vi) Agreement on Anti-Dumping Practices. Many of these agreements were meant to clarify and elaborate on the implementation of specific Articles of the General Agreement. At the end of 1988 four least-developed countries have accepted or become signatories to a few of the agreements and one of the objectives of the Uruguay Round of Multilateral Trade Negotiations is to review the agreements with a view, inter alia, to facilitating the adherence of more developing countries.

suppliers in these countries, having regard to paragraph 6 of the Tokyo Declaration, in the procurement of products originating in these countries. Benefits under the Agreement may also be afforded to least-developed countries which are not parties to the Agreement. Paragraph 12 provides that developed country parties shall, upon request, provide certain forms of technical assistance which they may deem appropriate to least-developed countries.

8. The United States indicated in 1981 that it was making available the code benefits to least-developed countries which are not Parties to the Agreement. Canada also announced in the course of 1981 its intention to extend unilaterally the benefits of the Agreement to a number of least-developed countries. Similarly, the EEC decided in January 1983 to extend the benefits of the Agreement to least-developed countries. Most other developed countries do so on a de facto basis. Over the years, a number of developed countries have declared their readiness to consider requests for technical assistance from developing countries, and especially from the least-developed countries designed to enlarge possibilities for deriving concrete advantages from the operation of the Agreement.

9. The provision of special and differential treatment for developing countries in the Agreement on Technical Barriers to Trade is the subject of Article 12 of the Agreement and of provisions in other articles. Article 11:8, for example, states that priority shall be given to the needs of least-developed countries in making available advice and technical assistance in connection with the various provisions of the Agreement. The parties, under Article 12, agree to take into account the special needs of developing countries, including the need to remove barriers to their exports, when they prepare and apply technical regulations, standards, test methods and certification systems and determine the degree to which standards in developing countries are in conformity with international standards established under the Agreement. The Committee on Technical Barriers to Trade would as appropriate grant to developing country signatories time-limited exceptions in whole or in part from obligations

under the Agreement. The Committee would take particular account of the special problems of the least-developed countries.

10. Technical assistance given to developing countries, under the Agreement, by developed countries parties to it has covered: arranging seminars for developing countries with a view to helping participants to find solutions to standardization problems in their own countries; developing various technical cooperation schemes to promote standardization, quality control and certification management; carrying out specific standards, research projects and technical evaluations; as well as the organization of workshops and training courses on standardization and measurement services and seminars on metrology and standardization.

11. Least-developed countries can benefit from the special provisions in Part III of the Code on Subsidies and Countervailing Duties which are designed to give developing country signatories more flexibility in the use of specified categories of subsidies to provide assistance to industries including those in the export sector. It shall not be presumed that export subsidies granted by a developing country signatory adversely affect the trade and production of another signatory in the manner specified in the Code. Adverse effects may only be established through an economic examination of the impact of specific subsidies.

12. Recognition is given in the Revised GATT Anti-Dumping Code to the special situation of developing countries. Signatories have undertaken to explore possibilities for constructive remedies contained in the Code before they impose anti-dumping measures which would affect the essential interests of developing countries. The Committee on Anti-Dumping Practices, having regard to the special situation of developing countries, has adopted decisions concerning the application and interpretation of the Agreement in relation to such countries when considering the application of anti-dumping measures. It also agreed on procedures for facilitating application of the relevant provisions of the Anti-Dumping Code by developing countries.

13. With respect to the Agreement on Import Licensing Procedures, the preamble recognizes the need to take into account the particular development, financial and trade needs of developing countries. In connection with the provision of all relevant information concerning non-automatic import licensing, Article 3(b)(iv), states that developing countries would not be expected to take additional administrative or financial burdens on this account. With respect to ensuring a reasonable distribution of licences to new importers, the Agreement provides in Article 3(1) that special consideration should be given to those importers importing products originating in developing countries, and, in particular, the least-developed countries.

14. Certain agreements covering agricultural products, such as the Arrangement Regarding Bovine Meat, acknowledge the special importance to the economies of certain developing countries of trade in the items they cover, for example, bovine meat and live animals. Certain of these products are important exports of some least-developed countries.

SECTION II

POST-TOKYO ROUND ACTIVITIES AND THE LEAST-DEVELOPED COUNTRIES

Sub-Committee on Trade of Least-Developed Countries

15. One of the major institutional results of the Tokyo Round, from the point of view of developing countries was the strengthening of the role of the Committee on Trade and Development on the basis of its expanded terms of reference which included "special attention to the problems of least-developed countries". In furtherance of its strengthened mandate, the Committee on Trade and Development decided in July 1980 to create a Sub-Committee on Trade of Least-Developed Countries with the following terms of reference:

> "In the light of paragraph 6 of the Tokyo Declaration, to give special attention to the particular situation and trade problems of the least-developed among the developing countries in GATT's work programme following the Tokyo Round, including that relating to the results of the multilateral trade negotiations, and to keep under review the special treatment which could be accorded these countries in the context of any general or specific measures taken in favour of developing countries."

16. The Sub-Committee agreed at its first meeting in November 1980 on the need to identify practical, direct and realistic measures to deal with the trade problems facing least-developed countries, while recognizing that trade was but one element in the problems related to the particular situation and development prospects of least-developed countries. It was noted that the Sub-Committee would be a useful focal point for keeping under review activities of interest to least-developed countries taking place in various GATT committees and bodies, as well as in other international institutions. The Sub-Committee would in particular serve as a forum for addressing the trade problems of the least-developed countries which lent themselves to practical consideration and action in the GATT.

17. The Sub-Committee's original work programme comprised: (a) review of developments in international trade of relevance to the trade of least-developed countries; (b) review of measures taken in favour of least-developed countries; (c) possibilities of further action to promote the export interests of the least-developed countries; (d) review of technical assistance by the GATT secretariat; and (e) other matters. The work programme has subsequently been modified to take into consideration decisions resulting from the GATT Ministerial Meeting of November 1982.

(i) Review of developments in international trade of relevance to the trade of least-developed countries

18. This review has been conducted on the basis of a secretariat note highlighting the main features of the trade and payments situation of the least-developed countries with emphasis on their balance-of-payments situation and the evolution in international commodity prices of interest to them.

(ii) Review of measures taken in favour of least-developed countries[1]

19. On the basis of measures notified to the secretariat as well as information gathered by the secretariat on its own initiative, the Sub-Committee carries out reviews of trade policy measures taken in favour of least-developed countries by other contracting parties. This review operates without prejudice to any overall review of the operation of the Enabling Clause by the Committee on Trade and Development dealing specifically with the interests of least-developed countries.

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[1]Some of the main trade measures taken in recent years in favour of the least-developed countries by contracting parties are attached to this paper as Annex I.

(iii) Give consideration to the export interest of the least-developed-countries

20. In order to focus attention on the problems of access to markets facing products of export interest to the least-developed countries, the secretariat periodically prepares, for the meetings of the Sub-Committee, statistical trade and tariff data relating to the principal exports of individual least-developed countries to the main developed country and regional markets. Non-tariff measures affecting these products are also treated. The objective of this exercise has been not only to identify tariff and non-tariff barriers affecting exports of least-developed countries but also to explore possibilities for further trade liberalization on their behalf.

(iv) Review of technical assistance by the GATT secretariat

21. The GATT secretariat and its Technical Cooperation Division in particular provides, upon request, technical assistance to developing countries including the least-developed among them. At the meetings of the Sub-Committee opportunity is provided for delegations to offer comments and suggestions with respect to this work in the light of the particular interests of the least-developed countries.[1]

22. With the creation of the Sub-Committee on Trade of Least-Developed Countries, the GATT was thus provided with an institutional framework for focussing attention on the special trade problems of the least-developed countries.

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[1] A detailed description of the technical cooperation activities of the GATT of interest to the least-developed countries are given in another section of this paper.

Ministerial Meeting (1982) and the work of the Sub-Committee

23. At the meeting of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade held at Ministerial level between 24-29 November 1982, a number of broad policy decisions were adopted, intended to provide further guidelines in drawing-up the work programme and priorities for the 1980's. Among these, was the undertaking by contracting parties individually and jointly:

> "to ensure special treatment for the least-developed countries in the context of differential and more favourable treatment for developing countries, in order to ameliorate the grave economic situation of these countries."

Regarding "GATT Rules and Activities Relating to Developing Countries" the CONTRACTING PARTIES urged contracting parties, among other things: "to work towards further improvement of GSP or MFN treatment for products of particular export interest to least-developed countries, and the elimination or reduction of non-tariff measures affecting such products".

24. The CONTRACTING PARTIES made the following decisions, and agreed to review actions taken in implementing them at their 1984 session; they

> "Invited contracting parties to pursue action as follows towards facilitating the trade of least-developed countries and reducing tariff and non-tariff obstacles to their exports;
>
> (a) further improve GSP or m.f.n. treatment for products of particular export interest to least-developed countries, with the objective of providing fullest possible duty-free access to such products;
>
> (b) use, upon request and where feasible, of more flexible requirements for rules of origin for products of particular export interest to least-developed countries;

(c) eliminate or reduce non-tariff measures affecting products of particular export interest to least-developed countries;

(d) facilitate the participation of least-developed countries in MTN Agreements and Arrangements;

(e) strengthen the technical assistance facilities of the GATT secretariat targeted to the special requirements of least-developed countries;

(f) strengthen trade promotion activities, through the ITC and other initiatives, such as by encouraging the establishment of import promotion offices in importing countries;

(g) give more emphasis to the discussion and examination of policy issues of interest to least-developed countries in the context of further efforts to liberalize trade."

Implementation of the Ministerial Decisions

25. At its Forty-Ninth Session in May 1983, the Committee on Trade and Development accepted a proposal that the Sub-Committee on Trade of Least-Developed Countries should (a) monitor the implementation of those aspects of the Ministerial Declaration which concern the least-developed countries, and (b) hold consultations between interested least-developed countries and their respective trading partners on issues related to their development and export interests including the examination of barriers to their trade and any relevant commercial policy matters. The Sub-Committee subsequently established a new programme of work which included the organization of ad hoc consultations between individual least-developed countries and their trading partners. Ad hoc consultations were held with Bangladesh in November 1983; with the United Republic of Tanzania in October 1984 and with the Republic of Sudan in October 1985. These consultations have been preceded by thorough preparatory work by the

secretariat including the sending of technical missions to the countries concerned.

26. During the consultations, which are also attended by observers from various international organizations, members of the Sub-Committee have had the opportunity to discuss some of the major trade and development problems facing the least-developed countries concerned. Developed countries to whom specific requests have been addressed for the liberalization and facilitation of trade have also had the opportunity to respond to these requests. The programme of consultations also provides for follow-up on previous consultations. The programme has been considered very useful by both the least-developed countries and their trading partners and although no consultations have been organized since 1985 it is the intention of the Sub-Committee to reactivate the programme in the future.

27. At the Sixth Meeting of the Sub-Committee in October 1984, the Chairman stressed, inter alia, the need to consider how best to give practical effect to the decisions and intentions of the CONTRACTING PARTIES reflected in the Ministerial Declaration of November 1982. Concluding the discussions on this item the Chairman remarked that members of the Sub-Committee had indicated a general desire that further measures be taken in the trade field to promote the trade interests of the least-developed countries. He included in his summary the following proposals, including his own which were made in the course of the discussions and generally based on the decisions annexed to the Ministerial Declaration.

(i) countries which have not yet given special treatment to the least-developed countries within their GSP schemes should do so on a complete duty-free and quota-free basis for all products of export interest to them;

(ii) those contracting parties already according special status to the least-developed countries with certain exceptions and limitations especially on textiles, jute and a number of

agricultural products remove such exceptions and limitations and grant duty- and quota-free access;

(iii) all special measures such as competitive-need criteria which might erode the full value of GSP schemes be waived in favour of the least-developed countries;

(iv) where necessary simple duty and quota-free systems of imports of hand-made products from the least-developed countries be established by developed contracting parties;

(v) priority should be given to the least-developed countries in the provision of technical assistance at both national and international levels with regard to quality, technical standards and phytosanitary requirements;

(vi) exemption of least-developed countries from quantitative restrictions and other non-tariff measures falling outside the scope of MTN Agreements should be considered;

(vii) with regard to the application of rules of origin relating to GSP and LDC treatment the following possibilities could be considered: (a) simplification of rules of origin in favour of least-developed countries, (b) adoption of liberal cumulative origin rules in favour of least-developed countries, and (c) a generally more liberal and differential application of rules of origin in favour of least-developed countries.

After a first discussion in the Sub-Committee in the course of 1985 the proposals were forwarded for further consideration in the Committee on Trade and Development.

I. Activities, in other GATT Bodies, of relevance to the Least-Developed Countries

28. Apart from specific GATT actions in favour of least-developed countries, these countries, as members of the wider community of developing countries, are covered by the programme of work entrusted to the Committee on Trade and Development concerning the implementation of Part IV of the General Agreement, the operation of the Enabling Clause regarding differential and more favourable treatment for developing countries, and the implementation of the decisions on developing countries made at the Ministerial Meeting of 1982, including the elimination of barriers to trade in tropical products.

29. The programme of work has involved, inter alia, the conduct of consultations with contracting parties individually or collectively, as appropriate, to examine how individual contracting parties have responded to the requirements of Part IV and the Enabling Clause. Consultations were held in 1984 and 1985 with the Nordic countries (Norway, Sweden and Finland), Australia, Austria, Hungary, Canada, United States, EEC, Japan, New Zealand, Switzerland and the ALADI countries (Argentina, Brazil, Chile, Colombia, Peru and Uruguay). The consultations proved to be valuable in promoting a further understanding of trade policies and measures adopted in the light of Part IV, as well as of problems and difficulties still faced by developing countries in their trade.

30. They touched upon many important issues which relate to major aspects and objectives of trade policies of individual contracting parties, including the promotion of economic efficiency and growth, the protection of essential domestic interests in specific areas of concern, such as agriculture or particular industrial sectors, arrangements to promote regional integration, differential treatment in favour of developing countries, including modifications in GSP schemes, and trade liberalization efforts, including those amongst developing countries themselves.

31. They provided consulting countries with the possibility of presenting their overall approach to trade policies as they relate to developing countries and to describe how specific measures adopted by them respond to Part IV of the General Agreement.

II. Tropical Products

32. Under the GATT Work Programme adopted after the conclusion of the Tokyo Round negotiations in 1979, the Committee on Trade and Development was given the mandate to "work on trade policy and development policies including trade liberalization in areas of special interest to developing countries". At a meeting of the Committee in 1980 "tropical products" were identified as one of the areas which should be dealt with on a priority basis.

33. The work of the Committee concerning tropical products proceeded on a step-by-step basis, culminating in the holding of plurilateral consultations on 1-30 March 1982 with respect to six product groups. At its meeting held soon after the 1982 consultations, the Committee agreed that there was scope for further work in this area, with a view to seeking means of further liberalizing trade in products of interest to developing countries.

34. At their session held at Ministerial level in November 1982 the CONTRACTING PARTIES decided "to carry out, on the basis of the work programme pursued by the Committee on Trade and Development, consultations and appropriate negotiations aimed at further liberalization of trade in tropical products, including in their processed and semi-processed forms, and to review the progress achieved in eliminating or reducing existing obstacles to trade in tropical products at their 1984 Session". (L/5424)

35. Pursuant to the above Decision and an agreement reached by the Committee for the implementation of the Decision, two rounds of consultations took place on tropical products on 7-11 November 1983 and 2-4 May 1984. The seven groups of products covered in the consultations

were: tropical beverages(coffee, tea and cocoa); tropical fruits and nuts; certain oilseeds, vegetable oils and oilcakes; tropical roots, rice and tobacco; jute and hard fibres; spices, flowers, plaiting products etc.; natural rubber and tropical wood. Many of these products are of major importance to many least-developed countries, not only as foreign exchange earners, but also in terms of their contribution to GDP and to employment. At the completion of the programme of consultations it was decided that contracting parties should examine how best to proceed with work in this area bearing in mind the need to enter into "appropriate negotiations" as envisaged in the Ministerial Decision. Liberalization of trade in this sector has become one of the priority objectives in the Uruguay Round of multilateral trade negotiations launched in 1986.

III. Natural Resource Products

36. Another area of GATT activity of interest to least-developed countries concerns the work on Trade in Certain Natural Resource Products, for which a Working Party was set up in March 1984, pursuant to the 1982 Ministerial Declaration and to the Council's Decision of 20 April 1983, to examine problems falling within the GATT framework relating to tariffs, non-tariff measures, and other factors affecting trade in (a) non-ferrous metals and minerals, (b) forestry products, and (c) fish and fisheries products, including their semi-processed and processed forms with a view to recommending possible solutions. Many least-developed countries have export interest in these products. As in the case with tropical products problems of trade in this sector are covered in the Uruguay Round of multilateral trade negotiations.

Protocol relating to trade negotiations among developing countries

37. The Protocol is an autonomous preferential trading arrangement negotiated in 1971 within the framework of GATT providing for an exchange of mutually advantageous tariff and trade concessions among the signatories. It entered into force in 1973 and has so far been accepted by eighteen developing countries belonging to various regions of the

developing world. The negotiated tariff concessions annexed to the Protocol are being applied among the participants on a multilateral basis. Pursuant to its paragraph 14, participating countries have stated that they will consider sympathetically, on a case-by-case basis, any request from a least-developed country to accede to the Protocol without negotiations. One least-developed country has taken advantage of this provision in its accession to the Protocol.

The MFA and the least-developed countries

38. The Arrangement Regarding International Trade in Textiles generally known as the Multifibre Arrangement which was extended for a further period from 1 August 1986 to 21 July 1991 contains a provision in its new Protocol indicating that more favourable treatment shall be given to exports from least-developed countries[1], small suppliers and new entrants. The Article in question provides, inter alia, that:

> "Restraints shall not normally be imposed on exports from small suppliers, new entrants and least-developed countries."

39. If circumstances oblige the importing country to introduce restraints on exports from the least-developed countries, the treatment accorded to these countries should be significantly more favourable than that accorded to the other groups referred to in the paragraph, preferably in all its elements but, at least, on overall terms.

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[1]This favourable treatment is applicable only to least-developed countries which are parties to the MFA. Presently these are Bangladesh, Haiti, and the Maldives.

Technical Assistance

40. The special competence of the GATT lies in the regulation of the free flow of international trade and in dealing with the global and specific problems arising therefrom. This tends to limit the scope and nature of the technical assistance which it can furnish. GATT's programme of technical assistance has developed over the years in response to the specific needs of developing countries which have ranged from ad hoc briefing of officials, technical assistance to enable a more effective participation in the GATT and in multilateral trade negotiations, country and regional seminars, to training courses in trade policy for officials.

41. This technical assistance programme first established in 1956 was in the first instance limited to the trade policy courses organized each year by the secretariat for senior officials from developing countries dealing with trade policy with the aim of helping participants acquire a better understanding of trade policy matters and of the GATT and its activities, as well as greater acquaintance with developments in other relevant international bodies. Least-developed countries are regularly represented at these courses.

42. With the commencement of the Tokyo Round of multilateral trade negotiations, technical assistance was institutionalized by the establishment in 1974 of a Special Assistance Unit within the GATT secretariat with a mandate "to keep in continuing close touch with delegations of developing countries so as to assist them, individually or collectively, with appropriate information and advise in all relevant aspects of the various problems relating to their preparations for, and participation in, the multilateral trade negotiations".

43. The technical assistance work during the Tokyo Round was based on the individual requirements of developing countries and covered a large number of areas. Data on tariffs, non-tariff measures and trade flows was provided at the request of developing countries to assist them in the negotiations on tropical products, agriculture, tariffs and non-tariff

measures. Information in the form of country studies was also prepared, identifying items of export interest for developing countries in the developed country markets. Assistance was provided by way of information on existing rules, regulations and practices at national and international level to facilitate analysis of the implications of the various draft codes and legal instruments that were being discussed in the Tokyo Round.82

44. At the beginning of 1980 the Special Assistance Unit was transformed into the Technical Cooperation Division of the GATT secretariat which has since then become the focal point for technical cooperation with developing countries and has been providing technical assistance to developing countries in all fields of GATT activity. This has included the preparation of basic and statistical information, briefing of delegations and visiting officials, country and regional seminars on GATT activities, country studies, country missions in connection with the programme of consultations for the least-developed countries, regional trade policy workshops, etc.

45. Since the launching of the Uruguay Round of multilateral trade negotiations in October 1986 the technical assistance activities of the Technical Cooperation Division have been broadened and intensified. As in the Tokyo Round, technical assistance has covered broad areas including: (a) preparation of country studies in which information is provided upon request of individual developing countries, identifying items of their export interest in different markets and the relevant data on tariff, non-tariff measures and trade flows; (b) provision of general data on tariffs, non-tariff measures and trade flows in respect of various products and product sectors, so as to help developing countries in submitting request lists; (c) preparation of factual background motes on issues of interest to developing countries in the various areas of the negotiations; (d) provision of information on and the organization of workshops on negotiating techniques and rules of procedures employed in the negotiations; (e) periodic briefing of delegations and officials of developing countries especially those with small missions on developments in the different areas of the negotiations, with special emphasis on issues

of interest to developing countries; (f) organization of country and regional seminars and country missions on the Uruguay Round. In all the areas of technical assistance mentioned above special attention has been given to requests for assistance from least-developed countries.

Export promotion activities

46. Apart from the technical assistance activities of the GATT secretariat described above, least-developed countries have benfited largely from the activities of the International Trade Centre which is essentially a trade promotion agency financed jointly by the GATT and UNCTAD. An estimated 30 per cent of its technical cooperation budget is devoted to projects and programmes, in over thirty least-developed countries, especially in areas of trade information, market research, market development, and training.

SECTION III

URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS AND THE LEAST-DEVELOPED COUNTRIES

47. The Uruguay Round of multilateral trade negotiations launched in September 1986 with the Ministerial Declaration of Punta del Este is in its scope and level of participation the most ambitious ever undertaken under the auspices of the GATT. Its basic aim is to "bring about a further liberalization and expansion of world trade to the benefit of all countries especially less developed contracting parties...". Its overall outcome is bound to shape the framework, the environment and development of world trade in the 1990s and beyond and could produce substantial direct and indirect benefits for the trade of least-developed countries. The negotiations which are scheduled to end in 1990 and involve over one-hundred countries including all contracting parties are being conducted under two separate captions. On the one hand is the decision of the Contracting Parties meeting at Ministerial level to enter into Multilateral Trade Negotiations on trade in goods within the framework and under the aegis of the GATT and on the other hand the decision by the Ministers meeting in their own capacities and not as Contracting Parties to launch negotiations in trade in services as part of the Multilateral Negotiations. The negotiations on trade in goods are being conducted under the supervision of the Group of Negotiations on Goods (GNG) while the negotiations on trade in services fall under the supervision of the Group of Negotiations on Services (GNS). Both the GNG and GNS have to report to the Trade Negotiations Committee (TNC) which has the overall mandate to oversee the whole of the negotiations. As stipulated in the Ministerial Declaration the negotiations on trade in goods are covering the following fourteen subjects, each of which, has its own negotiating group:

(i) Tariffs

(ii) Non-Tariff Measures

(iii) Tropical Products
(iv) Natural Resource-Based Products
(v) Textile and Clothing
(vi) Agriculture
(vii) GATT Activities
(viii) Safeguards
(ix) MTN Agreements and Arrangements
(x) Subsidies and Countervailing Measures
(xi) Dispute Settlement
(xii) Trade-Related Aspect of Intellectual Property Rights, Including Trade In Counterfeit Goods
(xiii) Trade-Related Investment Measures
(xiv) Functioning of the GATT System

Negotiating objectives

48. While all the subject areas of the negotiations both in trade in goods and in services are of direct or indirect interest to the least-developed countries, one could single out as areas of special interest to least-developed countries, the negotiations on tariffs, non-tariff measures, tropical products, natural resource-based products, and textiles and clothing. On Tariffs the negotiations aim to reduce or as appropriate eliminate tariffs including the reduction or elimination of high tariffs and tariff escalation. Emphasis is to be given to the expansion of the scope of tariff concessions among all participants. The negotiations on Non-Tariff Measures aim at reducing or eliminating non-tariff measures, including quantitative restrictions. The importance of this area of the negotiations lies in the fact that as tariffs are reduced or eliminated, an array of non-tariff measures have replaced them as major barriers to trade. With regard to Tropical Products which is one sector of particular interest to least-developed countries the negotiations aim at the fullest liberalization of trade including products in their processed and semi-processed forms and cover both tariff and all non-tariff measures affecting trade in these products. In view of the recognition by Contracting Parties of the importance of trade in tropical products to a

large number of developing contracting parties it was agreed that negotiations should receive priority attention, including in the timing of the negotiations and implementation of results, as provided for in Section B(ii) of the Punta del Este Ministerial Declaration on general principles governing the negotiations. On Natural Resource-Based Products the negotiations aim to achieve the fullest liberalization of trade in such products including in their processed and semi-processed forms. They also aim to reduce or eliminate tariff and non-tariff measures including tariff escalation. A number of least-developed countries have a major interest in trade in Textiles and Clothing and in this area the negotiations aim to formulate modalities that would permit the eventual integration of this sector into the GATT legal framework on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of further liberalization of trade.

General principles of relevance to least-developed countries governing negotiations

49. It was agreed that differential and more favourable treatment embodied in Part IV and other relevant provisions of the General Agreement and in the Enabling Clause will apply to the negotiations. It was also agreed that developed countries would not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of developing countries. In other words, developed countries would not expect developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. Even more important to least-developed countries was the agreement reflected in paragraph B(vii) of the general principles governing the negotiations that: "Special attention shall be given to the particular situation and problems of the least-developed countries and to the need to encourage positive measures to facilitate expansion of their trading opportunities. Expeditious implementation of the relevant provisions of the 1982 Ministerial Declaration concerning the least-developed countries shall also be given appropriate attention."

50. With regard to the special interest of the least-developed countries, the Committee on Trade and Development decided at its Sixty-First Session in June 1987 that its Sub-Committee on Trade of Least-Developed Countries should, inter alia, carry out a regular review of issues in the Uruguay Round of particular interest to the least-developed countries in the light of paragraph B(vii) of the general principles governing the negotiations quoted above. In the course of this exercise, the Sub-Committee at its meeting in February 1988 discussed a number of proposals, tabled on behalf of least-developed countries, reflecting their concern to have translated into practical measures the objectives embodied in the Ministerial Declaration. At the meeting of the Sub-Committee in September 1989 additional and more elaborate proposals, some of a general nature and others addressed to individual negotiating groups were tabled for discussion. The proposals aim at the adoption of measures which will provide special treatment in favour of least-developed countries in the various negotiating groups leading to an expansion of their trading opportunities and the more effective implementation of measures already decided on by the Contracting Parties. The proposals were eventually transmitted to the relevant negotiating bodies for further consideration.

Mid-term review and results

51. At its meeting in February 1988 the Trade Negotiations Committee decided that its end-of-year meeting would take place at Ministerial level in Montreal, Canada, during which a mid-term review of the Uruguay Round would be undertaken. The mid-term review which took place from 5-9 December 1988 aimed at (a) taking stock of progress made, and (b) agreeing on the agenda and guidelines for the rest of the negotiations.

52. With regard to the negotiations on tropical products, an area of major importance to least-developed countries, the mid-term review resulted in the conclusion of an early package of concessions on tariff and non-tariff measures offered by the major developed countries and some developing

countries. Some of the concessions were on m.f.n. basis, others were on GSP basis whilst a number were on the basis of special measures for the least-developed countries within GSP schemes. These concessions, most of which are already being implemented, could assist least-developed countries in expanding and diversifying their exports and markets. Negotiations on tropical products will of course continue throughout the Round with a view to improving and expanding the results achieved at Montreal.

53. Other important interim agreements were also reached at Montreal in other areas of the negotiations especially in dispute settlement and the functioning of the GATT system.

54. When successfully concluded the Uruguay Round should lead to the creation of a more liberalized multilateral trading system catering for a growing volume of world trade in goods and services. Special and differential measures already incorporated into the GATT and those which might result from the Round should help least-developed to make more effective use of the new trading opportunities which will emerge as well as to participate more effectively in the multilateral trading system.

ANNEX 1

SOME RECENT TRADE POLICY MEASURES IN FAVOUR OF LEAST-DEVELOPED COUNTRIES

1. The Information below is not exhaustive, but is illustrative of the trade measures taken in recent years in favour of, and of interest to least-developed countries, which have been brought to the attention of the Sub-Committee on Trade of Least-Developed Countries or other bodies of the GATT. It does not reflect the concessions negotiated so far on tropical products within the context of the Uruguay Round of multilateral trade negotiations.

Tariff and non-tariff measures

2. In the last ten years, a number of developed countries have taken special commercial policy measures in favour of the least-developed countries. Most of these actions have taken the form of preferential tariff treatment, often in the framework of GSP schemes or of m.f.n. concessions, while others have been in the area of non-tariff barriers. As of now, fourteen countries and a major regional group of countries have provided specific differential measures in favour of least-developed countries; they are: Austria, Bulgaria, Canada, Czechoslovakia, the EEC, Finland, Hungary, Japan, New Zealand, Norway, Poland, Sweden, Switzerland, United States and Yugoslavia, all of which are contracting parties with the exception of Bulgaria. This note attempts to take stock of the present situation with regard to preferential measures in favour of least-developed countries and does not cover more wide-ranging measures affecting all developing countries.

Austria

3. Austria introduced its special tariff treatment for least-developed countries on 1 January 1982 under the Customs Preference Act 1982. Industrial products (CCCN Chapters 25-99) originating in least-developed countries enjoy, under the Act, duty-free treatment across-the-board except for textiles which are chargeable at 50 per cent of the applicable m.f.n. rates.

4. Imports from least-developed countries of agricultural products (CCCN Chapters 1-24) included in the Austrian GSP scheme enjoy duty-free treatment in most cases. In many other cases a substantially lower preferential rate is applied. In a few other cases however, least-developed countries are subject to originary GSP rates e.g., 06.01B ex 2 - flower tubers; 08.03 - figs; ex08.05 - walnuts, edible chestnuts; ex09.10D - other spices; 11.04 exB - flour of bananas; 18.05 - cocoa powder unsweetened, etc.

5. The Austrian government put into force as of 1 January 1985 the following improvements in its GSP scheme in favour of least-developed countries:

- ex 09.04 - pepper of the genus piper, ground or otherwise crushed - 4 per cent (previously 9 per cent);

- ex 09.09.B1 - seeds of anise, fennel, coriander, cumin, caraway and juniper, ground or otherwise crushed - 2 per cent (previously 4 per cent);

- ex 09.10B - saffron, ground or otherwise crushed - 0 per cent (previously 4 per cent);

- ex 09.10C - ginger, ground or otherwise crushed - 4 per cent (previously 9 per cent).

6. With effect from 1 September 1984 duty-free treatment has been granted to imports of textile handicrafts originating in least-developed countries, which have so far enjoyed only a 50 per cent duty reduction. Under the Austrian handicraft[1] scheme the textile schedule covers twenty-six tariff headings. For the non-textile articles, duty-free treatment is provided for imports from all beneficiary countries.

Canada

7. In December 1982 legislation was passed by the Canadian parliament to provide duty-free entry for all goods eligible for General Preferential Tariff when imported from least-developed countries. An amendment to the General Preferential Tariff Rules of Origin Regulations on 13 January 1983 increased the foreign material content limit on eligible exports from least-developed countries to 60 per cent and allowed for cumulative origin among least-developed countries.

8. In June 1984 parliament approved legislation extending the Canadian General Preferential Tariff for a further ten years to 30 June 1994 and in August an Order in Council amended the rules of origin regulations of the Canadian GSP to allow for the implementation of global cumulative origin among beneficiary countries to meet the content requirements of the Canadian system of tariff preferences on imports from developing countries.

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[1] Handicraft products are defined in Austrian law as products, the major part of which is hand-made; however, the use of machine-made raw materials for the production of handicraft goods is not generally excluded. When using machines or apparatus in the production, only products for which manpower is used as source of power can be classified as handicraft products. The use of other sources of energy, especially hydropower or electric energy, would preclude such classification. It should also be recalled that preferential tariff rates for handicrafts are applied only to imports from the developing countries which have concluded bilateral agreements with Austria to this effect. Least-developed countries which have concluded such an agreement are Afghanistan, Bangladesh, Malawi, Nepal and Rwanda.

Czechoslovakia

9. Under the GSP scheme of Czechoslovakia, all imports from least-developed countries are fully exempted from customs duties. By a Decree which entered into force in May 1984 the number of beneficiaries which was then twenty-seven was increased to thirty-two. This has since been increased to forty-two by a Decree which took effect from 1 July 1989.

EEC

10. Since 1981 the EEC has instituted special measures in its GSP scheme in favour of the least-developed countries. All industrial goods covered by the scheme including textiles are admitted duty-free without ceiling or quotas. Similarly all agricultural products imports covered by the scheme are given duty-free treatment, with imports of tobacco and pineapple being subject to quota. In the GSP scheme for 1983 an addition of three hundred and seventy products to the list of agricultural products for which least-developed countries could have duty-free access brought the list to over seven hundred.

11. GSP duty-free treatment for imports of jute and jute products, which had previously been accorded to imports originating in India, Bangladesh and Thailand has been extended to Nepal and other least-developed countries. Similarly, duty-free treatment for coir products imported from India and Sri Lanka has been extended to imports from least-developed countries.

12. In the EEC 1987 GSP scheme for agricultural products, the coverage, with regard to the least-developed countries, was extended to include three more products, namely: frozen strawberries (ex08.10); grape juices (ex20.07); and pineapple juices (ex20.07).

13. The Third Lomé Convention which was signed on 8 December 1984 and came into force on 1 May 1986 for a period of five years links sixty-six countries in Africa, the Caribbean and the Pacific with the EEC in a wide

range of cooperation agreements in the fields of trade, commodities, finance, investments, capital movements, establishment and services. Covered by the Convention are thirty-two least-developed countries on the UN list as well as eleven other countries considered least-developed for the purposes of the Convention. The Convention contains, in connection with commercial policy, provisions for preferential treatment (mostly duty-free) for products imported into the EEC from developing country members, as well as provisions for the stabilization of export earnings for an agreed list of agricultural commodities exported to the EEC by ACP countries under the STABEX arrangements[1], special financing facilities for mining products under the SYSMIN arrangement, and special undertakings on rum, bananas, and sugar.

Finland

14. The GSP scheme of Finland includes, since 1 January 1980, special treatment in favour of least-developed countries. Under this treatment certain products which are otherwise not granted GSP treatment are covered by GSP concessions when imported from least-developed countries. The products concerned as on 1 July 1989 were the following:

- ex 07.13 - other leguminous vegetables, than peas and beans, of a kind suitable for human consumption
- ex 08.06 - grapes, fresh
- ex 09.01 - coffee, unroasted, and roasted

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[1]Effective from 1987, the EEC has established a new compensatory payment facility in favour of least-developed countries not signatory to the Lomé Convention III. Similar to the STABEX the COMPEX compensates for shortfalls in export earnings from the export of selected agricultural commodities to the EEC.

-	ex 20.08 -	prepared or preserved fruit mixtures and Brazilian nuts and cashew nuts, roasted
-	ex 21.01 -	coffee extracts
-	41.05 -	sheep and lambskin leather
-	41.06 -	goat and kidskin leather
-	ex 42.02 -	shopping bags made of jute
-	ex 57.02 }	carpets with a surface of jute and/or other textile
-	ex 57.03 }	bast fibres and/or manila hemps, or of sisal and/or
-	ex 57.05 }	other fibres of the agave family
-	62.13 -	handkerchiefs
-	63.04 -	hanging flower pot holders made by macramé-technique
-	69.11 -	tableware, kitchenware, others household articles and toilet articles, of porcelain or china
-	69.12 -	ceramic tableware, kitchenware, other household articles, other than of porcelain or china
-	ex 85.01 -	electric motors designed to be used in dolls
-	ex 85.03 -	parts of electric motors designed to be used in dolls
-	95.02 -	dolls representing only human beings
-	ex 95.05 -	carnival and entertainment articles

15. It may be recalled that under the Finnish GSP scheme, goods eligible for GSP treatment enjoy total exemption from import duties and import levies as well as import quotas, ceilings or other quantitative restrictions. The special treatment in favour of the least-developed countries applies to all countries on the current UN list (1989).

16. Under its GSP scheme Hungary extends a general quota and duty-free treatment to all products imported directly from least-developed countries. This measure which first came into effect on 1 January 1978 and affected twenty-six countries has been extended by subsequent legislations to cover most least-developed countries.

17. Since 1980 imports into Japan of exports from least-developed countries have enjoyed special tariff treatment within the framework of the Japanese GSP scheme. This special treatment currently applies to almost all least-developed countries. By virtue of this, duty-free and ceiling-free tariff treatment has been given to these countries with respect to all products covered by the Japanese GSP scheme with only three exceptions. As at the end of 1984 the three exceptions were as follows:

		GSP	LDC treatment (1984)
15.15-2	beeswax	7.5% (under ceiling)	7.5% (under ceiling)
57.06	jute yarn	4% (under ceiling)	4% (under ceiling)
57.10	jute fabrics	8% (under ceiling)	0% (under ceiling)

18. With effect from 1 April 1985 ceiling limitations on duty-free treatment for least-developed countries with regard to woven fabrics of jute or of other textile bast fibres (CCCN 57.10) imported into Japan were eliminated. On 1 April 1989 duty-free and ceiling-free treatment was given to beeswax (HS. No. ex 1521.90) and the ceiling control on Yarn of jute (HS No. 53.07) was eliminated. By virtue of this action, duty-free and ceiling-free treatment is given to least-developed countries in respect of all products covered by the Japanese GSP scheme without exception.

19. The government of New Zealand announced on 24 December 1984 certain changes to its GSP scheme effective from 1 July 1985. These changes were made in the context of a wide-ranging programme of industry restructuring and liberalization of the country's import policy by the replacement of import licensing with a system based on tariffs.

20. The changes include the provision of duty-free access for all products for all least-developed countries (as defined by the United Nations). According to the communication -

"... there is provision for limited exceptions to be made to this measure as part of the transitional adjustment process for the liberalization of New Zealand's import régime. Any exclusions[1] will be very few in number and the final aim of this change is to make all

> tariff items duty-free for LLDCs. The New Zealand Government considers that this measure is a positive and necessary response to the invitation to all Contracting Parties at the 1982 Ministerial Meeting to: 'further improve GSP or m.f.n. treatment for products of particular interest to least-developed countries, with the objective of providing fullest possible duty-free access to such products."

21. It may also be recalled that the New Zealand GSP scheme has a provision for cumulative rules of origin and contains no specific safeguard mechanism.

22. Since 1978 all exports of least-developed countries into Norway enjoy duty-free access under the Norwegian GSP scheme regardless of whether they are covered by the positive or negative list applicable to other beneficiaries. No quantitative ceilings are attached to this duty-free treatment. The Norwegian GSP scheme also includes the principle of cumulative treatment regarding rules of origin. Imports are, however, not exempt from any general quantitative restrictions or import charges imposed by the Norwegian authorities. With effect from 15 July 1987, all the countries on the UN list of least-developed countries are covered by the special preferential scheme of Norway.

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[1]The exceptions from this action covered baler twine (ex59.04) and certain items falling within Schedule 3 of SPARTECA, including passion fruit products (ex08.10); coconut cream (ex21.07); lime juice (ex20.07); articles of apparel (ex chapter 61); and footwear (ex chapter 64).

23. The revised GSP scheme of Poland which entered into force on 1 January 1989 accords duty-free treatment to all exports from the least-developed countries. The scheme does not contain any specific restrictions or limitations. The preferential rates of duty are applied to commodities imported directly from developing countries and transported directly from those countries and are granted upon the presentation of a proper certificate of origin.

24. As a result of changes introduced into the Swedish GSP scheme with effect from 1 February 1987, all imports originating in all least-developed countries are accorded duty-free treatment povided that the notification procedure under the Swedish scheme has been fulfilled.

25. Since July 1982 exports from the least-developed countries into Switzerland enjoy special tariff treatment within the framework of the GSP. Duty-free treatment is accorded to exports of industrial products for which other developing countries are granted only limited preferences namely: textiles and clothing (chapters 50-63 of the CCCN); footwear with outer soles of leather and composition leather, footwear (other than footwear falling within heading 64.01) with outer soles of rubber or artificial plastic material (CCCN 64.02); umbrellas (CCCN ex66.02); unwrought aluminium (CCCN 76.01); and primary cells and batteries (CCCN 85.03). This means that now all the industrial products of chapters 25-99 are free of customs duties, with the sole exception of goods subject to fiscal duties: mineral fuels CCCN headings 27.07, 27.09-11, ex 29.01, ex 29.04 and 37.07; films CCCN headings ex 38.14, ex 38.18, and ex 38.19; motor vehicles, engines and other components CCCN 87.02, 87.04 - 87.06 and ex 84.06.

26. In the agricultural sector duty-free treatment is accorded to forty-eight agricultural products of which twenty-four had not been part of the Swiss scheme of preferences. Among these agricultural products are groundnuts, cocoa powder and pineapples. The Swiss special treatment applies to all least-developed countries on the list of the UN.

27. The United States at the end of the Tokyo Round of Multilateral Trade Negotiations accorded least-developed countries an advanced implementation of its tariff concessions. Under the Trade and Tariff Act (1984) of United States, least-developed countries are exempted from the competitive need rule in its GSP scheme.[1] The law extended the US GSP scheme until 4 July 1993 with some modifications. It may be recalled that duty- and quota-free treatment is granted on all products covered by the United States GSP scheme.

28. Yugoslavia has informed the Sub-Committee on Trade of Least-Developed Countries that it has taken a number of measures providing for more favourable treatment in favour of least-developed countries. For example, import tariffs on exports from these countries have been almost eliminated with maximum remaining tariffs not more than three or four per cent; para-tariff measures are very limited or have been eliminated and non-tariff measures are not restrictive for these countries.

Rules of Origin

29. Some developed countries have taken certain measures with regard to the rules of origin element of their GSP schemes, in response to requests for more differential action, in this area, in favour of the least-developed countries. Canada employs the value-added criterion in determining the origin for the purposes of its GSP scheme and the minimum value addition required, i.e. 40 per cent of the ex-factory value for least-developed countries, as compared with 60 per cent for other GSP beneficiaries. Canada also allows cumulative origin globally among all GSP beneficiaries.

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[1] Beneficiaries of the US GSP scheme include thirty-eight countries on the UN list of least-developed countries as at the end of 1988. With effect from 1 July 1989, the Central African Republic and the Union of Myanmar had their benefits from the US scheme suspended indefinitely.

30. In the case of the EEC a system of derogation is used by which the EEC examines on a case-by-case basis, requests by least-developed countries for country waivers from the rules of origin of the Community GSP system. The overall orientation of the work in the UNCTAD Working Group on Rules of Origin tends towards greater simplification and harmonization. At recent sessions of the Working Group, preference-giving countries have expressed their willingness to give sympathetic consideration to "particular difficulties encountered by preference-receiving least-developed countries".

Export and Import Promotion Measures[1]

31. One of the guidelines on how to pursue actions toward facilitating trade of least-developed countries, adopted by CONTRACTING PARTIES and annexed to the Ministerial Declaration of 1982 speaks of the need to strengthen their trade promotion activities. Certain measures in this direction have been taken by some contracting parties.

32. A Canadian Trade Facilitation Office has been set up under the auspices of the Canadian International Development Agency (CIDA), with the function, inter alia, of identifying specific companies in Canada who would be interested in buying from producers in the least-developed countries. Under the new Canadian development assistance policy a number of measures have been taken by the Government to assist least-developed countries develop their export potential. These include the reinforcement of CIDA's industrial cooperation programme, the creation of in-plant training facilities to encourage improvement in management skills and increase productivity in developing countries, increased financial help, as well as technical and vocational training etc.

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[1]This section has been based on information notified to the secretariat or brought directly or indirectly to its attention and is not supposed to be an exhaustive description of such measures.

33. Apart from the wide range of industry and trade promotion activities and measures undertaken in favour of the ACP countries within the context of the Lomé Convention alluded to above, some individual member countries of the EEC have special facilities for helping ACP countries promote their exports into their respective markets. Such facilities are provided by the Import Promotion Office of the Danish Chamber of Commerce, the French Centre for Foreign Trade, the Federal Office of Foreign Trade Information of the Federal Republic of Germany, the National Institute for Foreign Trade in Rome, the Centre for the Promotion of Imports from Developing Countries in Rotterdam, and the Developing Countries Trade Agency in London.

34. A number of other contracting parties have similar facilities for aiding the exports of developing countries including the least-developed, such as: the Market Advisory Service of the Australian Department of Trade; the Customs Information and Development Aid Section of the Austrian Federal Economic Chamber; the Czechoslovak Chamber of Commerce and Industry; the Finnish Import Promotion Office for Products from Developing Countries; the Hungarian Chamber of Commerce; the Israel Centre for Trade with Developing Countries; Japan External Trade Organization; the Developing Countries Liaison Unit of the New Zealand Department of Trade and Industry; the Norwegian Import Promotion Office for Products from Developing Countries; the Polish Chamber of Foreign Trade; the Romanian Office for the Promotion of Foreign Trade Relations with Developing Countries; the Swedish Import Promotion Office for Products from Developing Countries; the Trade Promotion Service in Favour of Developing Countries of the Swiss Office for Trade Promotion, etc.

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SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES:

Preparatory process for the Conference

LEAST DEVELOPED COUNTRIES AND HEALTH IN THE 1990s CHALLENGES AND PROPOSALS FOR ACTION*/

Contribution by the World Health Organization

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LEAST DEVELOPED COUNTRIES AND HEALTH IN THE 1990s

CHALLENGES AND PROPOSALS FOR ACTION

A paper by the World Health Organization in preparation for the Second United Nations Conference on LDCs

THE CHALLENGE

As the consequence of widespread and dramatic deterioriation in the last ten years of the economic and social situation of the majority of people living in the Least Developed Countries, a large proportion of the population, particularly in rural areas, is still without the barest necessities of life such as safe drinking water, hygienic shelter, essential health care, adequate food and a minimum level of economic productivity. Health services in recent years in LDCs have declined in quality, particularly at peripheral levels, and there no progress has been made in reducing social inequity, particularly between urban and rural areas, in the availability, accessibility and quality of health care provided.

As LDCs enter the 1990s there is an urgent need for action on multiple fronts that will lay the foundation for future changes - changes that can bring about growth and the reduction of poverty.

The essential building blocks of this foundation are the children, women and men of the LDCs. Growth and development starts with and ends with people.

They must be active partners in their country's quest for future growth and development. To do so they must be healthy, well-nourished, educated and sheltered. The challenge of the 1990s for the LDCs and for the world as a whole will be to meet the basic needs of these children, women and men in health, nutrition, education and housing.

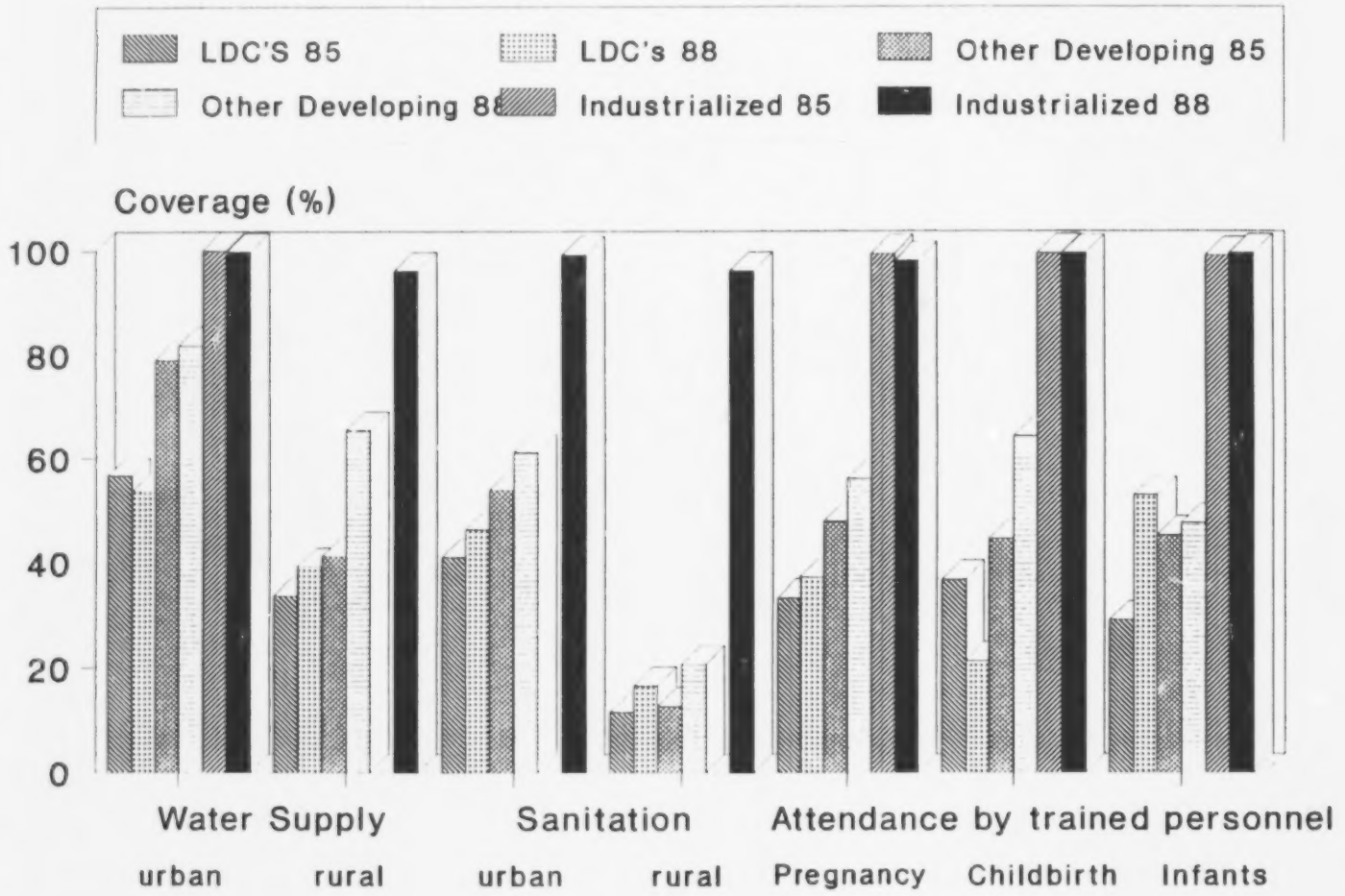
Meeting basic needs in health continues to elude LDCs. During the 1980s there has been a decrease in the supply of and an increase in the demand for health services. This imbalance is unacceptable. The gap in health status (as shown by selected indicators (see graph overleaf)) between LDCs and other developing countries on the one hand and developed countries on the other reflects this. To close this gap, it is clear that the 1990s call for considerable investment in health in least developed countries.

In the decade ahead the concepts and principles of primary health care, as envisaged by governments in Alma-Ata in 1978 and recently reaffirmed at Riga, USSR in March 1988, remain viable. The essential elements of primary health care include:

1) information and education concerning health
2) promotion of food availability and proper nutrition
3) water and sanitation
4) maternal and child health
5) immunization

READEX FICHE

Weighted average of selected indicators
1985- 1988



6) prevention and control of endemic diseases

7) treatment of common diseases and injuries

8) provision of essential drugs.

The principles behind this approach include:

1) equity

2) accessibility to health care by all

3) emphasis on promotion of health and prevention of disease

4) intersectoral action

5) community involvement

6) decentralization of decision-making in health matters

7) integration of health programmes.

In most countries these concepts, and the strategies for attaining them, have been expressed with sufficient clarity and operational detail in national health policies and plans. The challenge for the 1990s is to implement these policies and strategies.

Experience gained in the past ten years with primary health care points specifically to a number of health challenges to be met and indicates the resources required to do so. The first challenge is to ensure a sustained commitment to health development. This will include, among other factors, commitment at the highest level of political leadership to reduce social inequities; commitment of the people to assume greater responsibility for their health; commitment of health professionals to the principles of primary health care.

The second challenge is the need to intensify efforts to strengthen the health infrastructure, based on the principles of primary health care. This will require particular attention to adequate manpower, skills, technology, resources (at each level of care) and referral systems. Particular emphasis is needed at the community and district levels. The effects of population growth and the demand for health care resources are already great and will continue to be so. New diseases such as AIDS, and the recrudescence of old ones such as malaria, influence the existing health infrastructure. Many countries, at all levels of development, do not fully realize or take advantage of the cost-effective measures of the primary health care approach; in many countries, for example, over-concentration on hospital-based care has increased.

The third challenge is to ensure the optimum use of all resources available for health (human, material, technological and financial) and the mobilization of additional ones. There is still a large gap in the spending levels for health between developed and developing countries and, while spending levels alone are not the only measure of efforts needed to improve health levels, there should be a minimum threshold that countries ought to be able to sustain. It is clear that maintaining past gains in health status, especially in least developed countries, will require resource levels of a much higher magnitude that at present. For the majority of countries (at least 65% of the world's population) spending levels on health are within the range of 1%-3% of GNP. Finding new ways to cope with new economic realities requires creativity and political skill in order to increase the participation of individuals and communities, non-governmental organizations and the private sector in a spirit of partnership with governments. Health personnel should be technically qualified, socially motivated and should respond to the people's health and social needs. It is also important to give health workers incentives to

deliver good care economically. Strengthening of health research and development will be a very significant form of support for the implementation of national health strategies.

The fourth challenge is to intensify efforts to strengthen managerial capabilities including measures to ensure sound decisions and policies, with a sharper focus on priorities and targets based on valid information. National capacities for assessing and projecting health needs and tasks on a continuing basis, as well as for developing or reorientating health strategies and programmes, and for the monitoring and evaluating of their progress and outcome, will require considerable strengthening. The capacity of ministries of health to carry out an economic analysis of health choices will need enhancing.

Looking ahead to the coming decade, the real resources required for the health sector and for related health actions will be significantly greater than in the past decade. There is an optimum amount that countries and individuals should spend so as to maximize health improvements, but it is difficult, if not impossible, to quantify with precision that figure. On a world average scale, less than 5% of GNP is spent on health care services, with some countries at close to 12% and others at less than 2%. As a minimum, in the next decade, the percentage of GNP devoted to health should probably be doubled in some countries. Much of this increase should be for previously neglected health problems presenting a heavier socioeconomic burden for society. In the affluent countries, historic rates of economic growth will generate sufficient resources in the future, although even there reforms in delivery and finance systems will be necessary. In the poor and developing countries, a shift in priorities with more emphasis on primary health care would help liberate some

of the resources needed. Reforms of financing and delivery systems would also result in internal resources becoming available for reallocation towards priority health concerns. However, for human development and health levels to increase over the next decade in the least developed countries it will require favourable world economic conditions and major reforms in management, delivery and financing. In addition, LDCs will require adequate additional, external financial assistance for the foreseeable future.

IMPLEMENTING PRIMARY HEALTH CARE: PROPOSALS FOR ACTION IN THE 1990s

The basic strategic health objectives for the 1990s continue to be the attainment of targets set and adopted by governments at Alma Ata in 1978 and reaffirmed at Riga, USSR in 1988. Detailed analysis of global indicators for monitoring the progress toward the achievement of these targets, based on information provided by the countries themselves, is set out in Annex 1.

Achieving the effective implementation of primary health care requires partnership among least developed countries, the World Health Organization and the members of the international community. It is essential that each partner in this cooperation takes specific responsibilities and action.

ACTIONS BY THE LDCs

Health should be considered as everyone's business. This will require political commitment at the highest level including ministries of planning and finance as well as the ministries of education and health. An enabling environment that promotes effective and efficient health care delivery

including appropriate incentives and building up a physical infrastructure must be created. This building of capacity and investing in people to improve the delivery of health services will be essential. While developing this capacity, the process of decentralization within the decision-making system to increase responsiveness to the needs of the people and facilitate local participation in planning and implementation of activities should be stressed. While recognizing the special economic characteristics of the health sector, it should be perceived as an economically productive sector and as such should be able to compete for adequate government domestic resources. Finally, having developed the appropriate priorities and strategies, the government should ensure that all external partners collaborate within this framework to ensure that external inputs would best complement domestic expenditure.

ACTIONS BY DONOR GOVERNMENTS

It must be recognized that LDCs will require adequate additional external financial support on a long-term basis and that fundamental changes in aid modalities for the health sector are required, both to limit LDC dependence and to increase the effectiveness of aid.

International policies could be developed to ensure that both multilateral and bilateral partners work within a common framework to strengthen governments in attaining their health sector priorities. Joint programming by donors in full consultation with the government and in coordination with the World Health Organization would improve aid coordination. In order to improve intersectoral technical cooperation to absorption, local and recurrent cost support should be increased. The role of NGOs in enhancing absorptive capacity should be recognized.

External assistance should be consistent and continuous. Multiple year programming of assistance would help to improve predictability.

ACTIONS BY WHO

WHO has launched a new initiative aimed at overcoming the obstacles to the effective implementation of primary health care, where the concentration of effort is on countries and peoples in most need.

This initiative, which is country focused, emphasises better integration and coordination of all WHO programmes within a country, together with close alignment of WHO activities with the national priorities in health. It also lays special stress upon the need to support countries in developing an increased capacity to deal with the analytical, management, economic and financial aspects of health strategies.

Inherent in the WHO approach is a commitment by the national authorities of the country concerned to take a fresh and realistic look at their health priorities and available resources, and to do this within the concept of starting from a zero base. The government concerned must be prepared to recast its national health plans, or to vary them, and to reallocate existing resources, if the reappraisal shows this to be necessary.

At the same time, WHO in consultation with the government concerned must commit itself to a re-examination of the allocation pattern of its own resources, with a view to ensuring appropriate redeployment of such resources as required.

The outcome of this process will naturally vary from country to country. However, in most cases it can be anticipated to lead to the development of better integrated, well coordinated and more realistic national health development plans, as well as health systems and infrastructure development, which face up to the realities of the availability of human and financial resources.

In pursuing the new initiative, each of the WHO organizational levels (global, regional and country) has a vital and complementary role to play. While headquarters retains responsibility for overall policy, provides appropriate technical support together with the regional offices, and plays a major role in seeking and coordinating additional resources for the initiative, the regional offices are the crucial focus for the coordination and management of the ongoing activities of the initiative within the countries of their regions. Within each country the role of the WHO representatives (WR), as coordinators of all WHO in-country programmes, is of utmost importance for the success of the new endeavour. WHO is exploring ways of strengthening the capacity of the Office of the WR to support more effectively the ministry of health in technical areas and play a full and active role as coordinator in the international health field. The new initiative, with its emphasis on better integration at country level and on a more effective WHO country office, offers an excellent launch-pad for more effective and mutually beneficial working relationships at country level between WHO and cooperating agencies.

An important result of the activities under the initiative will be an increased capacity for planning, programming and management in the health sector. This will, of course, be of direct benefit to the countries concerned, but it will also provide a guarantee of a greater capacity to absorb, and to use effectively, resources provided, both from other cooperating organizations and WHO.

In summary, the development by the national authorities, of rational, realistic and coherent health plans, taking into account the realities of resource availability, provides a logical framework with which resources will be used more effectively and as part of the overall development process of the country.

Throughout the process described above, the Organization will maintain, at all levels, a close working partnership with multilateral and bilateral development cooperation agencies. Inherent in the new approach is the recognition of the government as the national body responsible for the coordination of external cooperation in the health field and for the integration of such cooperation into a cohesive national plan. WHO will cooperate with ministries in strengthening their capacity in this respect. Emphasis should be placed on the definition of a framework for cooperation which would be based on the national health plan and would include an analysis of the conditions required by all partners involved as well as an evaluation scheme. Governments should be supported in ensuring that all external partners then operate within that framework. The objective is to mobilize appropriate national and external resources to fill any identified resource gap and thus ensure that priority programmes and activities are financed. WHO should

support governments in developing an analytical ability to forecast resource needs, to justify these needs, to predict resource availability and to assess the impact and effectiveness of cooperation received. The Organization should also support governments in their efforts to mobilize resources and coordinate aid by such means as helping to develop a health cooperation strategy and participating in the relevant negotiations, and through the provision of technical and logistic support for meetings with the financing agencies.

This initiative for intensified cooperation with countries should result in cooperation in health being more effective, efficient, timely and appropriate to the problems of each country. There is, at present, no other choice in the global endeavour to meet the challenge posed by the persistance of high mortality and preventable morbidity in least developed countries. Through a better integrated and more sharply focused approach to primary health care implementation by countries, WHO and the international community will open the door to significant advances in the health status of the peoples in least developed countries.

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Annexe 1

COUNTRY OR AREA	Immunization of infants								Immunization of pregnant women	
	DPT		Measles		Poliomyelitis		BCG		tetanus (2d)	
	1985	1988	1985	1988	1985	1988	1985	1988	1985	1988
AFGHANISTAN	15	25	14	31	15	25	17	27	11	6
BANGLADESH	2	9	1	6	2	8	2	14	2	7
BENIN	17.0	52.0	23.0	38.0	16.0	52.0	27.0	67.0		8.0
BHUTAN	10	27	11	23	11	27	21	38	3	10
BOTSWANA	68.0	86.0	68.0	91.0	68.0	88.0	68.0	99.0		40.0
BURKINA FASO		34.0	38.0	68.0		34.0	17.0	67.0	4.0	26.0
BURUNDI		73.0		58.0		76.0		89.0	18.0	49.2
CAPE VERDE		45.0		59.0		58.0		99.0		0.0
CENTRAL AFRICAN REPUBLIC	20.0	24.0	23.0	30.0	20.0	24.0	34.0	53.0		20.0
CHAD		13.0		16.0		13.0		31.0		15.0
COMOROS		71.0	18.0	71.0		73.0		97.0	10.0	26.0
DEMOCRATIC YEMEN	7	25	14	35	7	25	17	41	3	8
DJIBOUTI	30	60	27	61	30	60	58	42	10	10
EQUATORIAL GUINEA	3.0	3.0	12.0	11.9	4.0	4.1		29.1	17.0	16.8
ETHIOPIA	6.0	16.0	12.0	13.0	6.0	6.4	11.0	27.0	4.0	7.0
GAMBIA	77.0	77.0	75.0	82.0	55.0	83.0	92.0	90.0	83.0	85.0
GUINEA		1.6		9.4		0.7		5.6		6.7
GUINEA-BISSAU	18.0	56.0	35.0	60.0	18.0	54.0	33.0	98.0	10.0	22.0
HAITI	19	28	21	23	19	28	57	45		31
KIRIBATI	37	37	7	7	15	15	49	49		2
LAO PEOPLE'S DEMOCRATIC REPUBLIC	28	71	33	70	28	71	8	77		62
LESOTHO		77.0		79.0		77.0		84.0		0.0
MALAWI	52.0	55.0	51.0	53.0	46.0	50.0	87.0	92.0	18.0	20.0
MALDIVES	3	6	30	9	5	6	52	60	15	2
MALI		3.0		5.0		3.0		15.0		3.0
MAURITANIA		32.0		69.0		61.0		91.0	12.0	0.0
MOZAMBIQUE	29.0	29.0	39.0	39.0	25.0	25.0	47.0	47.0	40.0	40.0
MYANMAR	16	23		14	3	13	45	45	20	24
NEPAL	31	46	45	0	20	40	67	78	10	15
NIGER		5.0		0.0		0.0		0.0		2.9
RWANDA	50	67	52	78	56	86	83	92	21	0
SAMOA	92	89	89	81	92	93	97	97		21
SAO TOME AND PRINCIPE	42	66	35	59	45	65	75	90	42	59
SIERRA LEONE		30		50		30		73		59
SOMALIA	22	25	34	29	22	25	31	33	14	6
SUDAN	8	29	6	22	8	29	12	46	3	12
TOGO		41		48		40		66		64
TUVALU	97	58	92	65	97	73	99	92		13
UGANDA	14	39	17	48	13	40	37	74	5	13
UNITED REPUBLIC OF TANZANIA	67	81	74	88	64	65	90	94	37	54
VANUATU	30	31	26	25	27	31	83	75		16
YEMEN	10	14	11	15	10	14	20	28	3	2

COUNTRY OR AREA	Birth related attendance by trained personel					
	Pregnancy		Childbirth		Infants	
	1985	1988	1985	1988	1985	1988
AFGHANISTAN	5.0	8.0	5.0	8.0		
BANGLADESH		12.0		5.0		
BENIN	27.2	63.7	34.3	44.6		
BHUTAN	3.4	16.0	3.4	7.0		38.0
BOTSWANA		74.0		79.0		54.0
BURKINA FASO	40.0	10.3		30.0	30.0	20.0
BURUNDI	13.6	30.0	12.0	16.0	14.2	
CAPE VERDE	96.0	99.0	10.0		85.0	100.0
CENTRAL AFRICAN REPUBLIC		68.5		65.7		67.6
CHAD						
COMOROS	69.4	69.4	24.0	24.0		
DEMOCRATIC YEMEN	10.0	10.0	10.0	10.0		
DJIBOUTI	50.0	76.0	73.0	79.0	15.0	62.0
EQUATORIAL GUINEA						
ETHIOPIA	14.0		58.0	9.0	10.0	15.0
GAMBIA	90.0	90.0	80.0	54.0		
GUINEA		36.0		25.0		
GUINEA-BISSAU		29.0		38.7		92.5
HAITI	44.8	41.0	20.0	40.0		33.0
KIRIBATI						
LAO PEOPLE'S DEMOCRATIC REPUBLIC						
LESOTHO	40.0	50.0	28.0	40.0		80.0
MALAWI	73.8	37.0	58.6	45.0	64.0	98.0
MALDIVES	47.0					
MALI		20.0		16.0		
MAURITANIA	58.0	26.5	22.6	20.0	60.0	47.0
MOZAMBIQUE	46.0	43.0	28.0	30.0	17.0	23.0
MYANMAR	90.9	75.0	97.4	25.0		71.0
NEPAL	17.0	9.0	10.0	6.0	10.0	
NIGER	46.5		46.5		17.9	
RWANDA		85.0		22.0		
SAMOA	92.0	50.0	52.0	95.0	97.0	50.0
SAO TOME AND PRINCIPE	60.0	64.0		86.0	3.5	80.0
SIERRA LEONE	30.0		25.0		30.0	
SOMALIA	2.0	2.0	2.0	2.0		
SUDAN	20.0	40.0	20.0	60.0	70.0	70.0
TOGO						
TUVALU	100.0	100.0	100.0	100.0	100.0	100.0
UGANDA		86.0				
UNITED REPUBLIC OF TANZANIA	98.0	90.0	74.0	60.0		90.0
VANUATU	90.0	75.0	72.0	86.0		
YEMEN	21.0		12.0	12.0		

COUNTRY OR AREA	GNP per capita US$	
	1985	1988
AFGHANISTAN	202.0	205.0
BANGLADESH	123.0	147.0
BENIN	290.0	349.0
BHUTAN	80.0	110.0
BOTSWANA	648.0	1500.0
BURKINA FASO	240.0	200.0
BURUNDI	180.0	240.0
CAPE VERDE	341.0	
CENTRAL AFRICAN REPUBLIC	280.0	
CHAD	80.0	158.0
COMOROS	300.0	300.0
DEMOCRATIC YEMEN	408.0	430.0
DJIBOUTI	276.0	276.0
EQUATORIAL GUINEA	180.0	
ETHIOPIA	120.0	
GAMBIA	250.0	
GUINEA	300.0	320.0
GUINEA-BISSAU	160.0	200.0
HAITI	300.0	330.0
KIRIBATI	48.0	324.0
LAO PEOPLE'S DEMOCRATIC REPUBLIC	202.0	202.0
LESOTHO	623.0	400.0
MALAWI	262.0	170.0
MALDIVES	407.0	348.0
MALI	120.0	170.0
MAURITANIA	185.0	235.0
MOZAMBIQUE	270.0	105.0
MYANMAR	170.0	239.0
NEPAL	170.0	160.0
NIGER	240.0	250.0
RWANDA	236.0	301.0
SAMOA		299.0
SAO TOME AND PRINCIPE	264.0	
SIERRA LEONE	320.0	300.0
SOMALIA	290.0	270.0
SUDAN	375.0	105.0
TOGO	264.0	
TUVALU	360.0	334.0
UGANDA	230.0	164.0
UNITED REPUBLIC OF TANZANIA	270.0	270.0
VANUATU	529.0	115.0
YEMEN	530.0	520.0

COUNTRY OR AREA	Adult literacy rates			
	Males		Females	
	1985	1988	1985	1988
AFGHANISTAN	33.0	50.0	6.0	10.0
BANGLADESH	39.7		18.8	
BENIN	25.1		9.5	
BHUTAN	36.8	36.8	10.0	10.0
BOTSWANA	32.0	62.0	36.0	64.0
BURKINA FASO	18.0	16.6	5.0	6.3
BURUNDI	35.4	46.0	15.7	35.0
CAPE VERDE	54.0		34.0	
CENTRAL AFRICAN REPUBLIC				
CHAD	35.0		8.0	
COMOROS		56.3		41.5
DEMOCRATIC YEMEN		59.0		25.0
DJIBOUTI	34.0	34.0	14.0	14.0
EQUATORIAL GUINEA				
ETHIOPIA				
GAMBIA		20.0		20.0
GUINEA	35.0		14.0	
GUINEA-BISSAU				
HAITI		40.0		35.0
KIRIBATI				
LAO PEOPLE'S DEMOCRATIC REPUBLIC				
LESOTHO		50.0		50.0
MALAWI	48.0	52.0	25.0	31.0
MALDIVES	81.5		81.8	
MALI	19.0		8.0	
MAURITANIA				
MOZAMBIQUE	44.2		12.3	
MYANMAR	86.0	85.8	76.0	71.6
NEPAL	31.7	51.8	9.2	18.0
NIGER	14.0		6.0	
RWANDA	49.5	61.0	30.5	33.0
SAMOA				
SAO TOME AND PRINCIPE	73.2		42.5	
SIERRA LEONE	31.0	32.0	17.0	25.0
SOMALIA	61.0	18.0	48.0	7.0
SUDAN	44.0	47.0	17.0	20.0
TOGO	33.0		20.0	
TUVALU				
UGANDA	63.0		38.0	
UNITED REPUBLIC OF TANZANIA			18.0	
VANUATU				
YEMEN	16.0	42.0	1.0	7.0

COUNTRY OR AREA	Population (in thousands) 1980	1985	1990
AFGHANISTAN	16,063	14,519	16,557
BANGLADESH	88,219	101,147	115,593
BENIN	3,494	4,050	4,741
BHUTAN	1,245	1,362	1,516
BOTSWANA	902	1,078	1,285
BURKINA FASO	6,959	7,882	9,007
BURUNDI	4,100	4,721	5,451
CAPE VERDE	296	330	379
CENTRAL AFRICAN REPUBLIC	2,298	2,576	2,913
CHAD	4,477	5,018	5,678
COMOROS	381	444	519
DEMOCRATIC YEMEN	1,861	2,137	2,491
DJIBOUTI	300	350	406
EQUATORIAL GUINEA	352	392	440
ETHIOPIA	38,750	42,271	46,743
GAMBIA	641	745	858
GUINEA	5,407	6,075	6,876
GUINEA-BISSAU	809	889	987
HAITI	5,413	5,922	6,504
KIRIBATI	59	64	68
LAO PEOPLE'S DEMOCRATIC REPUBLIC	3,205	3,594	4,071
LESOTHO	1,339	1,538	1,774
MALAWI	6,091	7,141	8,428
MALDIVES	155	183	215
MALI	7,023	8,082	9,362
MAURITANIA	1,551	1,766	2,024
MOZAMBIQUE	12,100	13,720	15,663
MYANMAR	33,821	37,544	41,675
NEPAL	14,858	16,915	19,143
NIGER	5,311	6,115	7,109
RWANDA	5,163	6,102	7,232
SAMOA	155	163	170
SAO TOME AND PRINCIPE	85	97	112
SIERRA LEONE	3,263	3,665	4,151
SOMALIA	5,352	6,398	7,555
SUDAN	18,681	21,818	25,195
TOGO	2,554	2,960	3,455
TUVALU	8	8	9
UGANDA	13,119	15,491	18,442
UNITED REPUBLIC OF TANZANIA	18,867	22,751	27,328
VANUATU	117	142	164
YEMEN	5,995	6,888	8,017

COUNTRY OR AREA	Life expectancy - Males			Life expectancy - Females		
	1980-1985	1985-1990	1990-1995	1980-1985	1985-1990	1990-1995
AFGHANISTAN	40.0	41.0	43.0	41.0	42.0	44.0
BANGLADESH	49.1	51.1	53.1	48.1	50.4	52.6
BENIN	42.4	44.9	46.9	45.6	48.1	50.2
BHUTAN	46.6	48.6	50.6	45.1	47.1	49.4
BOTSWANA	53.0	55.5	58.0	59.0	61.5	64.0
BURKINA FASO	43.7	45.6	47.6	46.8	48.9	50.9
BURUNDI	44.9	47.4	49.3	48.1	50.7	52.7
CAPE VERDE	57.3	59.3	61.3	60.8	62.8	64.8
CENTRAL AFRICAN REPUBLIC	41.4	43.9	45.9	44.6	47.1	49.1
CHAD	41.4	43.9	45.9	44.6	47.1	49.1
COMOROS	48.3	50.3	52.2	51.7	53.8	55.8
DEMOCRATIC YEMEN	46.9	49.4	51.9	49.9	52.4	54.9
DJIBOUTI	43.4	45.4	47.4	46.6	48.7	50.7
EQUATORIAL GUINEA	42.4	44.9	46.9	45.6	48.1	50.1
ETHIOPIA	38.4	39.4	41.4	41.6	42.6	44.6
GAMBIA	39.4	41.4	43.4	42.6	44.6	46.6
GUINEA	38.7	40.6	42.6	41.8	43.8	45.8
GUINEA-BISSAU	41.4	43.4	45.4	44.6	46.6	48.7
HAITI	51.2	53.1	55.0	54.4	56.4	58.3
KIRIBATI						
LAO PEOPLE'S DEMOCRATIC REPUBLIC	44.5	47.0	49.5	47.5	50.0	52.5
LESOTHO	49.0	51.5	54.0	58.0	60.5	63.0
MALAWI	44.4	46.3	48.4	45.7	47.7	49.7
MALDIVES						
MALI	40.4	42.4	44.4	43.6	45.6	47.6
MAURITANIA	42.4	44.4	46.4	45.6	47.6	49.7
MOZAMBIQUE	42.9	44.9	46.9	46.1	48.1	50.2
MYANMAR	55.8	58.3	60.8	59.3	61.8	64.3
NEPAL	49.0	51.5	54.0	47.5	50.3	53.0
NIGER	40.9	42.9	44.9	44.1	46.1	48.1
RWANDA	44.9	46.9	48.8	48.1	50.2	52.2
SAMOA						
SAO TOME AND PRINCIPE						
SIERRA LEONE	37.5	39.4	41.4	40.6	42.6	44.6
SOMALIA	41.4	43.4	45.4	44.6	46.6	48.6
SUDAN	46.6	48.6	50.6	49.0	51.0	53.0
TOGO	48.8	51.3	53.2	52.2	54.8	56.8
TUVALU						
UGANDA	47.4	49.4	51.4	50.7	52.7	54.7
UNITED REPUBLIC OF TANZANIA	49.3	51.3	53.3	52.7	54.7	56.7
VANUATU						
YEMEN	46.9	49.5	52.0	49.9	52.4	54.9

COUNTRY OR AREA	Infant mortality rates 1980-1985	1985-1990	1990-1995
AFGHANISTAN	183.0	172.1	162.4
BANGLADESH	128.2	119.2	107.5
BENIN	120.1	110.0	101.0
BHUTAN	138.7	128.2	118.2
BOTSWANA	76.0	67.0	58.0
BURKINA FASO	149.4	137.6	126.5
BURUNDI	124.1	111.9	102.7
CAPE VERDE	74.8	65.6	56.7
CENTRAL AFRICAN REPUBLIC	142.0	132.0	122.0
CHAD	142.8	132.0	122.0
COMOROS	88.3	79.8	71.7
DEMOCRATIC YEMEN	134.9	120.4	106.5
DJIBOUTI	132.0	121.6	111.9
EQUATORIAL GUINEA	137.3	127.0	117.0
ETHIOPIA	159.0	154.3	142.8
GAMBIA	154.3	142.8	132.0
GUINEA	159.1	147.4	136.2
GUINEA-BISSAU	142.8	132.0	121.6
HAITI	128.0	117.0	106.0
KIRIBATI			
LAO PEOPLE'S DEMOCRATIC REPUBLIC	122.5	110.0	97.0
LESOTHO	111.0	100.0	89.0
MALAWI	163.0	150.5	138.3
MALDIVES			
MALI	179.5	169.0	159.0
MAURITANIA	137.3	126.6	116.6
MOZAMBIQUE	153.5	141.5	130.1
MYANMAR	80.0	70.2	59.1
NEPAL	138.7	128.2	118.2
NIGER	145.7	134.6	124.1
RWANDA	132.0	121.6	111.9
SAMOA			
SAO TOME AND PRINCIPE			
SIERRA LEONE	166.5	154.3	142.8
SOMALIA	142.9	132.0	121.7
SUDAN	117.6	108.1	99.1
TOGO	102.3	93.8	85.3
TUVALU			
UGANDA	112.0	102.7	93.8
UNITED REPUBLIC OF TANZANIA	115.0	105.6	96.6
VANUATU			
YEMEN	129.9	115.7	102.3

COUNTRY OR AREA	Coverage with safe water (%)				Coverage with adequate sanitary facilities (%)			
	Urban		Rural		Urban		Rural	
	1985	1988	1985	1988	1985	1988	1985	1988
AFGHANISTAN	30.0	38.0	10.0	17.0		5.0		0.0
BANGLADESH	29.0	25.0	43.0	66.0	21.0	20.0	2.0	6.0
BENIN	45.0	79.0	9.0	34.5	45.0	60.0	4.0	10.0
BHUTAN	40.0	100.0	14.0	24.0		100.0		7.0
BOTSWANA	98.0	100.0	72.0	33.0	79.0	90.0	12.5	25.0
BURKINA FASO	50.0	0.0	26.0	0.0	38.0	38.0	5.0	5.0
BURUNDI	32.8	92.0	22.0	27.0	90.0	90.0	25.0	15.0
CAPE VERDE	99.0	100.0	21.0	49.0	36.0	41.0	9.0	0.0
CENTRAL AFRICAN REPUBLIC	24.0	0.0	5.0	0.0	36.0	0.0	9.0	0.0
CHAD	27.0	0.0	30.0	0.0		0.0		0.0
COMOROS	99.0	0.0	52.0	0.0		90.0		80.0
DEMOCRATIC YEMEN	73.0	86.0	39.0	35.0	69.0	70.0	33.0	30.0
DJIBOUTI	53.0	50.0	20.0	21.0	43.0	94.0	19.0	50.0
EQUATORIAL GUINEA	47.0	0.0		0.0	28.0	0.0		0.0
ETHIOPIA	93.0	0.0	42.0	0.0		0.0	5.0	0.0
GAMBIA	100.0	0.0	33.0	0.0		0.0		0.0
GUINEA	91.0	61.9	2.0	14.5	54.0	0.0	1.0	0.0
GUINEA-BISSAU	21.0	18.5	37.0	22.0	21.0	29.2	13.0	18.1
HAITI	73.0	59.0	25.0	32.0	54.0	42.0	12.0	14.0
KIRIBATI		0.0		0.0		0.0		0.0
LAO PEOPLE'S DEMOCRATIC REPUBLIC		0.0		0.0		0.0		0.0
LESOTHO	37.0	0.0	14.0	40.0	22.0	0.0	11.0	20.0
MALAWI	82.0	66.0	54.0	49.0		0.0		0.0
MALDIVES	53.0	91.0	8.0	17.0	69.0	100.0	1.0	2.1
MALI	58.0	48.0	19.7	17.0	90.0	100.0	5.0	0.0
MAURITANIA	80.0	0.0	16.0	0.0	7.0	0.0		0.0
MOZAMBIQUE	82.0	50.0	2.0	12.0		80.0		40.0
MYANMAR	36.0	37.0	21.0	27.0	34.0	35.0	15.0	26.0
NEPAL	71.0	77.0	11.0	24.0	16.0	54.0	1.0	1.0
NIGER	48.0	0.0	34.2	0.0	36.0	0.0	3.0	0.0
RWANDA	55.0	0.0	60.0	0.0	60.0	0.0	60.0	0.0
SAMOA		0.0		0.0		0.0		0.0
SAO TOME AND PRINCIPE		0.0		0.0		0.0		0.0
SIERRA LEONE	58.0	86.0	8.0	20.0	43.0	86.0	10.0	20.0
SOMALIA	60.0	57.0	20.0	22.0	60.0	44.0	5.0	5.0
SUDAN		90.0		20.0	20.0	40.0	1.0	5.0
TOGO	68.0	0.0	26.0	0.0	34.0	0.0	8.0	0.0
TUVALU	100.0	100.0	100.0	100.0				
UGANDA	45.0	45.0	12.0	12.0	40.0	40.0	10.0	10.0
UNITED REPUBLIC OF TANZANIA	85.0	80.0	47.0	38.0	91.0	90.0	76.0	78.0
VANUATU		0.0		0.0		95.0		35.0
YEMEN	100.0	90.0	21.0	30.0	75.0	66.0		0.0